

# focused

Visaka Industries Limited | Annual Report 2015-16

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## FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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At Visaka  
**focused**  
means...

... **The ability**  
to invest in capacities and capabilities even during industry downtrends.

... **The capacity**  
to keep the long-term in mind without being affected by short-term realities.

... **The consistency**  
to believe that a mix of businesses enhances corporate stability.

This conviction translated into superior numbers in a challenging 2015-16.

Even when the Company's flagship business encountered weakness, the Company reported a 15% growth in profit after tax.

Focus pays.

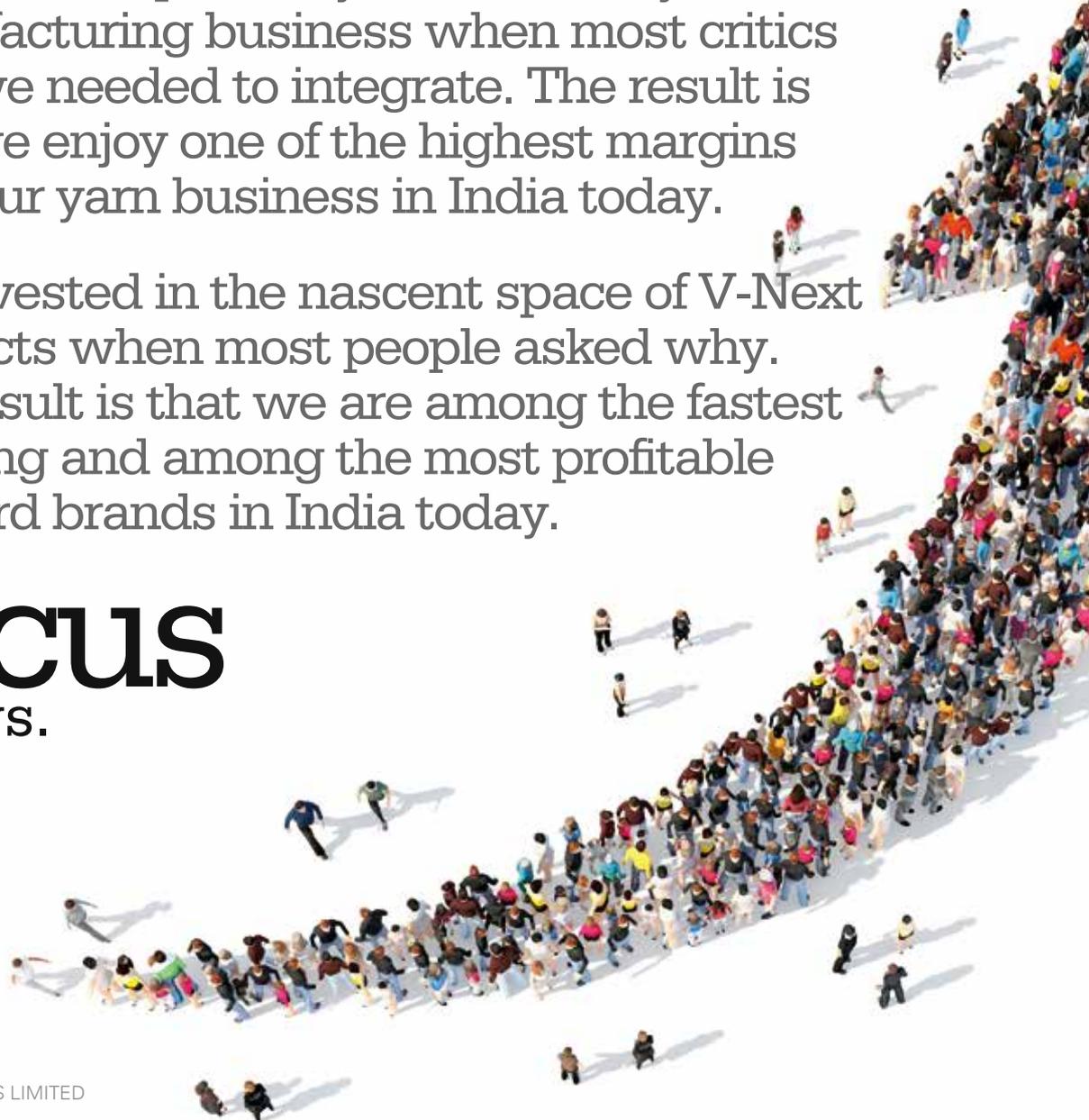
**A**t Visaka Industries, focus represents the cornerstone of our business.

**We** invested in our asbestos cement sheets business across market cycles. The result is that we are the second largest manufacturer in India with one of the most competitive operating structures.

**We** invested patiently in our niche yarn manufacturing business when most critics said we needed to integrate. The result is that we enjoy one of the highest margins from our yarn business in India today.

**We** invested in the nascent space of V-Next products when most people asked why. The result is that we are among the fastest growing and among the most profitable V-Board brands in India today.

**focus**  
grows.



## Our vision

Committed to be “Credible, Passionate and an Innovative” solution providing company.

## Our business

Visaka Industries was established in 1985 by Dr. G. Vivekanand, a first generation entrepreneur. The Company is engaged in two businesses – building products (cement asbestos products and fibre cement boards like V-Boards and V-Panels) and synthetic yarns. The building products business accounted for 83% of revenues and the textiles business 17% of revenues in 2015-16.

## Our presence

Visaka Industries is headquartered in Hyderabad. The Company has 11 manufacturing facilities pan-India.

The building products facility has been invested with an aggregate annual production capacity of about 8,02,000 tonnes of cement asbestos sheets and 1,29,750 tonnes of fibre cement flat board products.

The Company owns a yarn spinning plant rated to produce 9,300 tonnes per annum.

The Company's manufacturing units are supported by nine pan-India marketing offices.

## Our reach

Visaka Industries' products are available pan-India, distributed through 41 sales depots and more than 6,000 dealer outlets across cities and villages. The Company's building products (the V-Next Products) are exported to around 15 countries. The Company's textile yarns are exported to 17 countries globally.

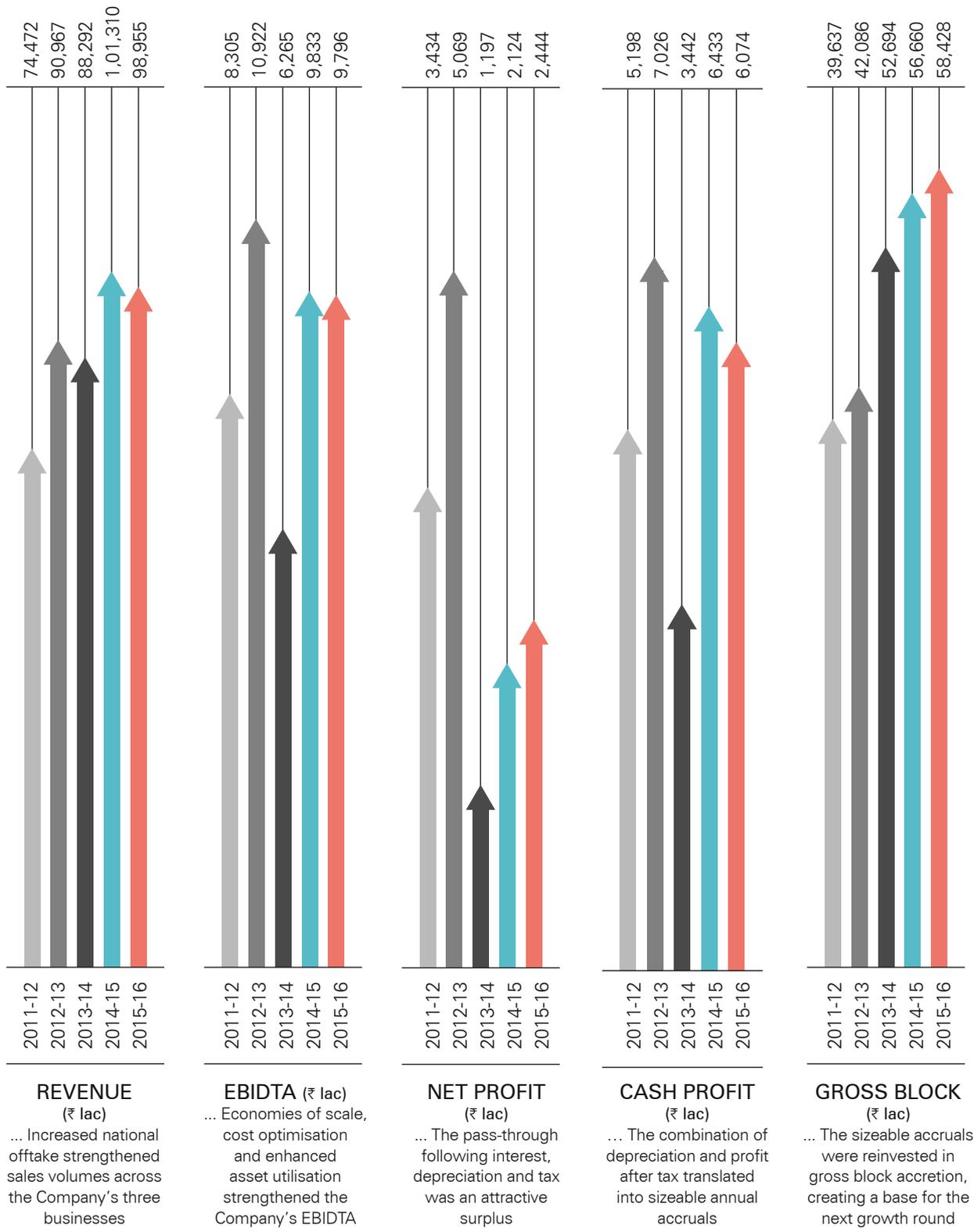
## Our listing

Visaka Industries' equity shares are listed and actively traded on the Bombay and National Stock Exchanges.

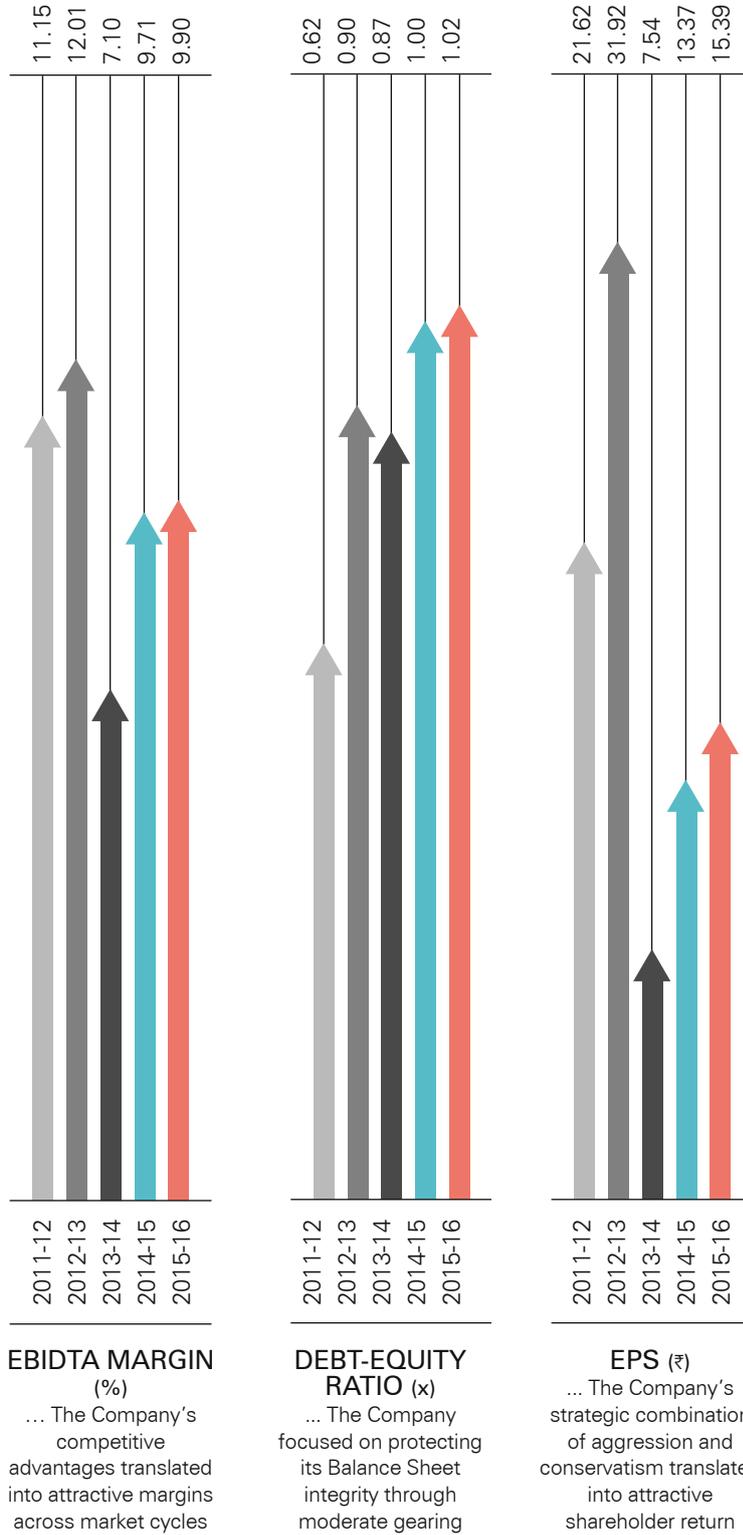
The Company enjoyed a market capitalisation of ₹168 crore as on March 31, 2016. The promoters held 37.54% of the Company's equity share capital as on that date.

Products	Location	Total capacity (MTPA)	Capacity utilisation (% , 2015-16)
Cement asbestos	<ul style="list-style-type: none"> <li>• Patancheru (Telangana)</li> <li>• Vijayawada (Andhra Pradesh)</li> <li>• Paramathi (Tamil Nadu)</li> <li>• Tumkur (Karnataka)</li> <li>• Midnapore (West Bengal)</li> <li>• Rae Bareli (Uttar Pradesh)</li> <li>• Pune (Maharashtra)</li> <li>• Sambalpur (Odisha)</li> </ul>	8,02,000	86
Fibre cement products	<ul style="list-style-type: none"> <li>• Miryalguda (Telangana)</li> <li>• Delwadi (Maharashtra)</li> </ul>	1,29,750	82
Textiles	<ul style="list-style-type: none"> <li>• Nagpur (Maharashtra)</li> </ul>	33 MTS machines	96

# Visaka's focus has translated into stable financials across economic cycles



# Financial highlights, 2015-16



## Revenues

### Building products division

This segment reported revenue of ₹818 crore and contributed 83% (82% in 2014-15) to the Company's overall revenue.

### Textile division

This segment reported revenue of ₹172 crore and contributed 17% (18% in 2014-15) to the Company's overall revenue.

## Production

### Building products division

- Production declined by 10% for the cement asbestos segment in 2015-16 with a capacity utilisation of 86% (96% in 2014-15), to reduce inventories.

- Production of V-Board grew 24%.

### Textile division

Production grew 4% with a capacity utilisation of 96.40% (95.90% in 2014-15).

## Sales

### Building products division

- Sales volume declined by 2.7% for the cement asbestos segment in 2015-16.

- Sales volume for V-Board grew 15%. Exports for the fibre cement v-boards grew 2%.

### Textile division

Domestic sales volume declined by 1.4% in 2015-16; exports registered an increase of 16% in volume.



V-Board – Mezzanine flooring, Chennai



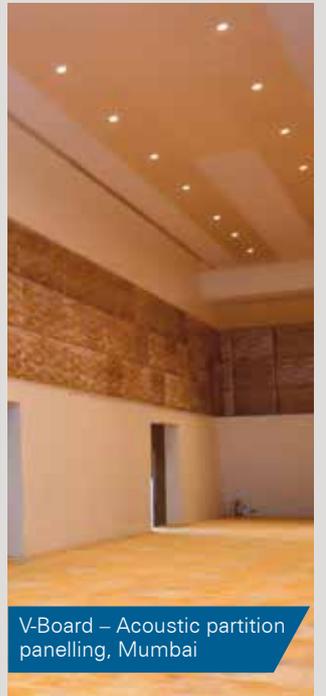
V-Premium – Poolside decking, Hyderabad



V-Board – Kitchen cabinets, Hyderabad



V-Plank – External cladding, Hyderabad



V-Board – Acoustic partition panelling, Mumbai



V-Premium – External cladding using CNC cut, Madurai



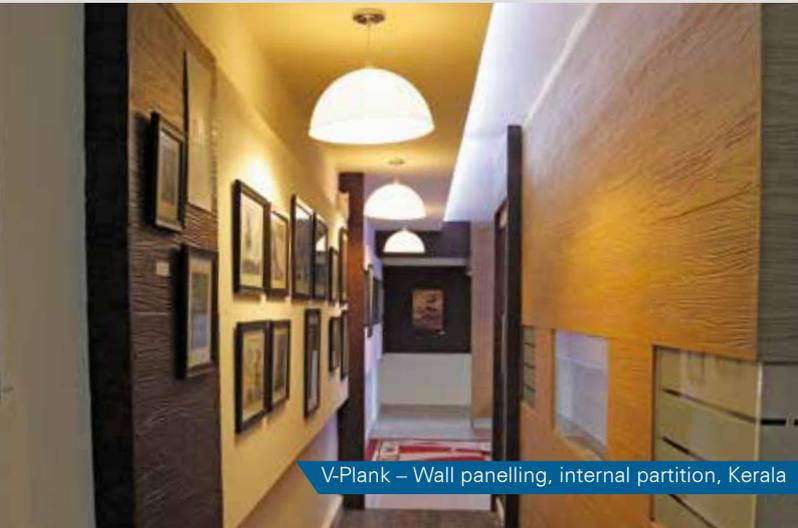
V-Premium – Duct covering using CNC cut, Ahmedabad



Kerala



V-Plank – Elevation cladding, Vizag



V-Plank – Wall panelling, internal partition, Kerala



V-Premium – Roof underlay, Kerala



V-Plank – Soffit application, Hyderabad

## Managing Director's review

*Devi Shankar*

THE BIGGEST MESSAGE THAT I WISH TO SEND OUT TO OUR SHAREHOLDERS IS THAT THE PERFORMANCE OF THE COMPANY DURING THE YEAR UNDER REVIEW REPRESENTED A VALUATION OF ITS DIVERSIFIED BUSINESS MODEL.

**O**ver the years, a number of shareholders and analysts have questioned the diversified model of the Company on the grounds that the businesses – textiles and building products - were unrelated and represented no synergistic fit. When the Company went one step ahead and introduced a second building product, analysts increased their pitch on the grounds that the diverse business basket for the Company would not prove value-accretive.

For a number of years, we kept defending our decision to diversify our business mix on the grounds that their being unrelated was in itself the single biggest reason why they needed to be reconciled within a single business model. When one business did not perform well enough, another from within the same company would serve as a buffer. The nature of the combination – two unrelated businesses – would itself serve as the basis of the Company's long-term sustainability.

I am pleased to state that this business model was successfully validated during the year under review. The Company reported a 2.3% decline in revenues corresponded by a 15% growth in

profit after tax. This improvement transpired even as the Company's flagship division reported a decline in volumes, revenues and profits. The fact that the Company could report an improvement in its performance when its principal engine underperformed represents a validation of its strategic robustness and overall sustainability.

### **Our asbestos sheet business**

The asbestos sheet segment of the building products business encountered one of its most challenging years. The business delivered a decline in sales volume by 2.7% as against 2014-15, with an installed capacity of 8,02,000 tonnes.

That the Company reported a capacity utilisation as low as 86% for a product considered intrinsic to rural lives was a reflection of the weakness in India's rural economy. Two successive weak monsoons affected rural incomes; new home building and renovations were postponed; asbestos sheet offtake was affected. Food inflation moderated the surplus available with rural Indians that would otherwise have been invested in home building. Besides, the cost of colour coated steel sheets – considered an asbestos sheet alternative - declined as a result of a

sustained global demand recession prompting a number of consumers to switch preferences.

The result was that offtake declined across the sector and receivables cycles were stretched for most players. Given this background and the fact that there was a sizeable decline in volume offtake, the Company did well to restrict a decline in EBIDTA margin to just 231 bps even as revenues moderated 5.4% during the year under review. This moderate decline in margins was the result of the Company's long-term competitiveness, structural leanness, effective cost management and terms of trade that facilitated offtake. The result is that even as industry-wide volumes declined 8%, the Company's volume offtake declined only 2.7%.

Going ahead, one continues to be optimistic of prospects of the asbestos sheet product segment for a number of reasons. The product continues to be cost-effective compared with alternatives and is generally preferred in rural residential solutions. The product has been traditionally used, incentivising its use whenever a roof is made or a previous sheet is replaced. Besides, we see a moderate revival in the landed cost of colour coated sheets following an increase in customs duty, which should result in enhanced room to price asbestos sheets as well.

The biggest optimism driver in the midst of the gloom is the



22

Percentage of revenues from  
the non-cement asbestos  
sheet business, 2010

31

Percentage of revenues from  
the non-cement asbestos  
sheet business, 2016

# 50

Percentage of revenues from the non-cement asbestos sheet business, 2020 (projected)

The Company possesses 129,750 TPA in capacity of V-Next Products; the Company has been demonstrating a refreshing increase in margins with every successive increase in volumes and revenues

prospect of an above-average monsoon following the expected tapering of the El Nino effect. The meteorological estimate that India's 2016 monsoon is likely to be 8% above normal has kindled the hope that increased agricultural incomes are likely to kickstart rural home building. Besides, rural home building is likely to receive a fillip on the back of moderated inflation and declining interest rates, two of the sector's biggest drivers. The increased Government spends in the rural economy is also likely to catalyse the growth in this segment.

### **Our fibre cement boards business**

The highlight of the Company's financials was the performance of its fibre cement boards (V-Boards) business. This business was started in 2008 with the objective to provide decorative building material for interiors and exteriors as well. The business reported an attractive swing back during the last financial year following an increase in sales volume by 15% in 2015-16: a cash loss of ₹8.3 crore in 2014-15 transformed to a cash profit of ₹8.3 crore in 2015-16; an EBIDTA margin of a negative 0.04% in 2014-15 rebounded to 11.26% in 2015-16.

There are a number of reasons why this product could emerge as a game-changer. There is a growing consensus that this product is at a point in India where asbestos sheets were 40 years ago, except that prospective national growth of this product is likely to be faster.

The market for this product currently is no more than around 0.3 million TPA in India; the market even in a small developing country like Thailand is nearly twice larger. The volume of this product in China grew from 0.3 million TPA in 2006

to 1.3 million TPA in 2014 and is growing. The product is being used largely within corporate interiors; the time has come to extend the product to residential interiors as well. The product is largely used in urban India; the time has come to extend this to suburban and rural India as well. Besides, the product possesses a number of characteristics over competing interior infrastructure products, which enhances the optimism that India is sitting at the start of a large consumption curve.

Visaka brings excellent value to its fibre cement board business. Over the last few years, the Company has been working extensively with opinion makers, interior designers and architects, educating them on the product's attributes and enhancing their skills in working with the material.

The Company possesses a manufacturing capacity of 1,29,750 TPA for V-Next products; the Company has been demonstrating a refreshing increase in margins with every successive increase in volumes and revenues; the Company expects to grow this business with a corresponding increase in margins, making this business an attractive volume-value play.

### **Textiles business**

That brings me to the Company's textiles business. This business performed creditably better. Revenues declined 4.5% to ₹172 crore following changes in product mix, which was more than compensated by an increase in EBIDTA margin from 13.64% to 16.11% and EBIDTA reported by this business grew from ₹24.5 crore to ₹27.6 crore. As it turned out, this business accounted for the largest contribution to the Company's

profits during the year under review.

What is creditable is that the business reported possibly the highest margins within India's yarn spinning sector. Given this reality, the management decided to expand its capacity by 26%, which is expected to be on stream from the second half of the current financial year. With the objective to capitalise on interest rebate incentive schemes announced by the Maharashtra government and enhance shareholder value, the Company decided to fund this expansion mostly through debt, strengthening the long-term sustainability of this business.

### Optimism

Our optimism in this business is derived from the fact that the Company is a boutique player. There is a growing respect for yarn makers who can deliver first-rate quality servicing the demanding needs of technical textile and home furnishing manufacturers. The Company is a returns-driven manufacturer selecting to manufacture yarn products that fetch the highest realisations on the one hand and possess a consistent clientele on the other. The Company is product-based in an otherwise commodity industry.

I am pleased to state that this expansion and business growth will not enhance the financial risk profile of the Company. The Company possessed ₹54 crore in long-term debt against a net worth of ₹347 crore as on March 31, 2016. The Company's average funds cost declined 90 bps to around 9%. The increase in debt mobilisation to fund the textiles expansion was conducted at a deeply discounted interest cost for a tenure of seven years, prospectively reinforcing our high-margin commitment in that business.

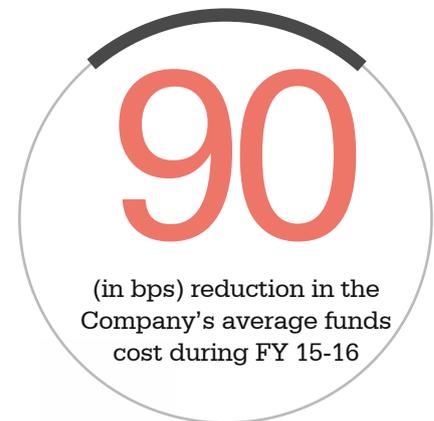
The big picture at Visaka is that we possess three robust businesses, two of which performed creditably during the last financial year; the third is expected to take off during the current financial year should the above-normal monsoon materialise. We believe that the combination of the three businesses represents wide de-risking: the asbestos sheets segment is B2C, addressing the bottom of the country's pyramid; the V-Boards business is presently urban with a B2B connect and the yarns business is B2B with a premium positioning. We believe this business mix to be adequately de-risked, making it possible for the Company to capitalise on the intrinsic need of India to live better.

Going ahead, we expect to grow the non-cement asbestos sheet component of our business from 31% of turnover to a projected 50% by the year 2020, generating a disproportionately higher increase in our margins and profits.

There is one more point that I wish to make. The Company reported a robust cash profit (PAT plus depreciation) of ₹60.74 cr during the year under review (cash earning per share of ₹38.25) against a market capitalisation of ₹168 cr (as on 31 March 2016). This discounting is considerably lower than the prevailing sectoral average. We are in business to enhance shareholder value and believe that the emergence of our new business and decline in profit volatilities should strengthen value for our shareholders across the foreseeable future.

Sincerely,

**Smt. G. Saroja Vivekanand**  
*Managing Director*



**The Company reported a robust cash profit (PAT plus depreciation) of ₹60.74 cr during the year under review (cash earning per share of ₹38.25) against a market capitalisation of ₹168 cr (as on 31 March 2016).**

# At Visaka, focus means...

## ...Aligning one's business model with national priorities

The manufacture of cement asbestos sheets is aligned with the national priority of enhancing the affordability of rural homes; the manufacture of V-Panels is aligned with the national priority of making home ownership and renovation affordable in urban pockets; the manufacture of synthetic yarns is aligned with the national priority of widening the affordability and availability of quality clothing.

## ...Entering contiguous and synergistic business spaces

For years, the Company manufactured cement asbestos products. In 2008, the Company extended to the contiguous manufacture of fibre cement boards, both products being used in the building of homes. The Company's manufacture of synthetic yarns continued to, from this perspective, remain unrelated. Within this space, the Company continued to progressively invest in additional capacity and related efficiency-enhancing investments.

## ... Growing capacities through accruals and reasonable debt

Over the last decade, the Company generated ₹485 crore in accruals, which were invested across the businesses. During this period, the Company enjoyed a gearing of 1.02 at the close of 2015-16. Even though ₹51 crore was generated through accruals during this period, the Company mobilised ₹60 crore in debt for onward investment. It would be relevant to indicate this debt was mobilised at concessional rates on account of incentives offered by the Maharashtra Government, considerably lower than the prime lending rate within India.

## ... Focus means getting close to customers

In the business of cement asbestos products, success lies in the ability to commission capacities proximate to large regional consuming markets. In view of this, the Company commissioned eight manufacturing facilities across India. This decision helped the Company moderate logistics costs, respond quicker to demand upturns, replenish products faster on retail shelves and also enhance the trade confidence that the Company would service their needs with speed. The result is that most of these plants marketed their products within a radius of 500 kilometres.

## Business segment review

### Building products division

150,000 TPA

Cement asbestos capacity addition over the five years leading to 2015-16

72,000 TPA

Fibre cement product capacity addition since inception taking the total capacity to 129,750 TPA

### ...Focus means investing in cutting-edge equipment and acquiring certifications

Over the years, the Company invested in the most advanced yarn manufacturing equipment – 33 state-of-the-art twin air jet spinning technology machines from Murata and 119 two-for-one twisting machines. Following this investment, the Company's yarn manufacturing unit emerged as one of the largest of its kind in the world. Besides, the Company's products are benchmarked with international quality standards and internationally-accepted quality certifications. The V-Next products are certified by CII as 'green' products.

### ...Focus means generating the highest operating efficiencies

The Company has enhanced competitiveness in large and commodity-driven market segments like cement asbestos sheets by achieving the highest operating efficiencies. This is reflected in one of the lowest electricity consumptions per tonne of production as well as optimised input-output ratios. In the V-Boards business, the Company has raised awareness and widened market spread, translating into higher margins. During the fiscal, the spinning unit operated at an efficiency of 95% and capacity utilisation of 96%.

### ...Focus means enhancing product value

The Company manufactures niche yarns which find a variety of applications and generate realisations that are among the highest in the country's yarn sector. This focus on value-addition is reflected in the cement asbestos sheets segment where the branded nature of the Company's products accelerates product offtake. The Company is also introducing colour-coated and designer versions of cement asbestos sheets. Besides, the Company's decision to brand fibre cement boards as V-Next products has helped create a distinctive identity, enhance trust and boost offtake.

### ...Focus means rebalancing the revenue mix

The Company generated 69% of its revenues from cement asbestos sheets in 2015-16. Visaka intends to grow the non-asbestos cement sheets business to the point that this accounts for 50% of overall revenues by 2020, strengthening margins and profits.

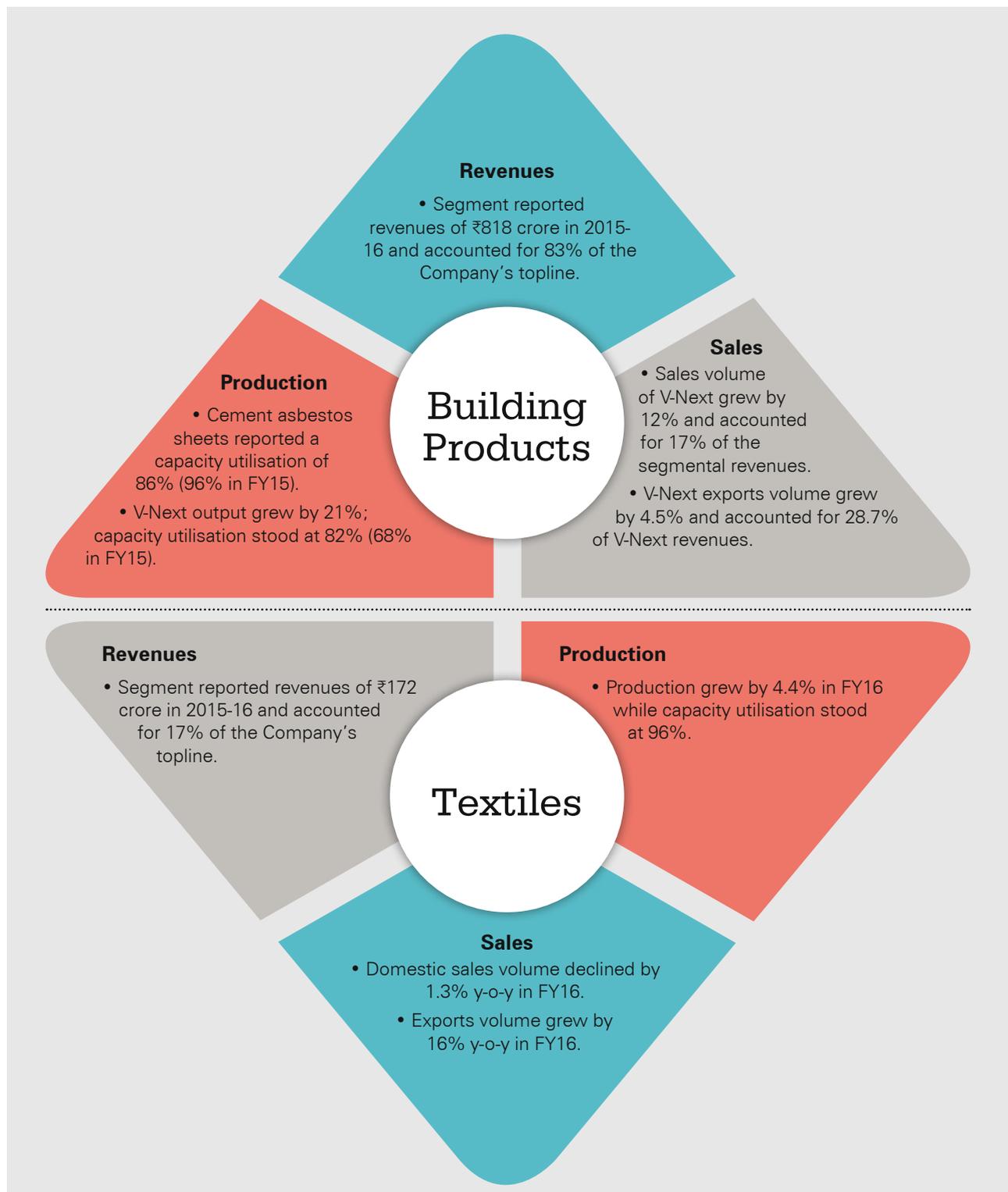
#### Textiles division

360

Twin Airjet spinning positions capacity added over the five years leading to 2015-16



# Performance in 2015-16



# 1 REVIEW OF OUR BUSINESS SEGMENTS

## Building products division

2014-15  
**82**  
Contribution to  
total revenues (%)

2015-16  
**83**  
Contribution to  
total revenues (%)

2014-15  
**833**  
Revenues  
(₹ crore)

2015-16  
**818**  
Revenues  
(₹ crore)

2014-15  
**73.82**  
EBIDTA (₹ crore)

2015-16  
**70.31**  
EBIDTA (₹ crore)

2014-15  
**8.86**  
EBIDTA MARGIN  
(%)

2015-16  
**8.60**  
EBIDTA MARGIN  
(%)



### Overview

Visaka entered the building products segment through the manufacture of cement asbestos sheets product. The product has now become ubiquitous across the rural Indian landscape as it provides an enduring, low-cost roofing solution. The product finds wide acceptance in rural homes, is easy-to-install, muffles the sound of rain and the product is largely inert to changes in external temperature or rain. Over the decades, the product characteristics have

remained largely the same; the only difference is that product manufacturing units have moved closer to key consumption markets. Even as product alternatives have been introduced over the last decade, the cement asbestos product enjoys a significant advantage. Demand for this product is largely driven by rural consumers while the profitability of cement asbestos manufacturers is driven by supply dynamics, raw material pricing and the ability to pass on cost increases to consumers.

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## Building products segment

Fibre cement sheets (V-Next)

V-Boards  
V-Panels

Cement asbestos products

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In 2008, Visaka extended its product line to fibre cement boards (non-asbestos). This product, largely used in urban and suburban centres, was the Company's response to the growing need for interior infrastructure products that provided a superior price-value proposition over plywood and other alternatives. Given the extensive under-consumption for interior infrastructure products in India and the virtually unexplored room for fibre cement boards, the prospects for sustainable growth over the foreseeable future have brightened.

### Strengths

Over the last few decades, Visaka has emerged as one of the prominent building product brands in the country.

- **Leadership:** The Company was the seventh largest cement asbestos product manufacturer in the country in 1996; it is the second largest today. The Company's revenues grew at a CAGR of 6% over the five years ending 2015-16. The Company's Visaka and Shakti brands account for a significant 17% share of India's cement asbestos market.

- **Technological excellence:** The Company's automated fibre cement plant is ISI-certified; these manufacturing plants consume the lowest electricity per unit of production in the sector.

- **Distribution network:** The Company markets products directly to retailers as opposed to the conventional company-

distributor-retailer approach, facilitating a better understanding of marketplace realities. The Company created a distribution network comprising more than 6,000 retailers in rural and suburban markets and it derived 90% of its sales from them. The balance 10% was derived from institutional sales to the governmental entities and diverse industries, especially poultry enterprises.

- **Manufacturing presence:** The Company's cement asbestos manufacturing facilities are spread across the country, making it possible to address regional needs – four in Southern India, one in Northern India, two in Eastern India and one in Western India.

- **De-risked product mix:** The Company's building products division comprised cement asbestos sheets which were largely consumed in rural India whereas fibre cement boards (non-asbestos) which were consumed in urban and suburban markets – a prudent balance. The non-asbestos share of overall revenues is growing and is expected to touch 50% (currently 31%) by 2020.

- **Superior quality:** The Company's fibre cement products are ISI-certified while the V-Board division has invested in the superior HPSC technology to achieve qualitative consistency. The Company has also obtained a 'Green' product certification from CII.

## BUILDING PRODUCTS SEGMENT 1

## Cement asbestos products

2014-15

71

Contribution to  
total revenues (%)

2015-16

69

Contribution to  
total revenues (%)

2014-15

802000

Installed capacity  
(TPA)

2015-16

802000

Installed capacity  
(TPA)

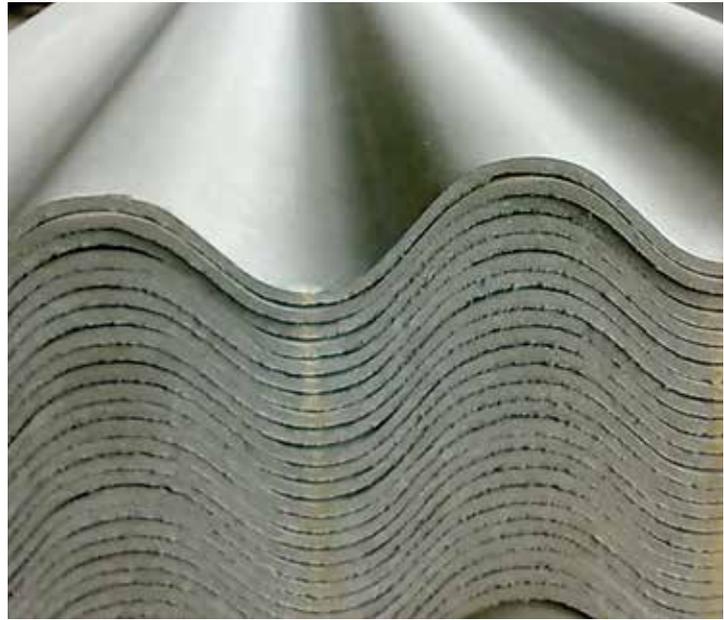
2014-15

96

Capacity  
utilisation (%)

2015-16

86

Capacity  
utilisation (%)**Overview**

The offtake of cement asbestos products is influenced by rural incomes while their pricing depends on the cost of alternative materials. The product represents a convenient roofing product in rural and suburban India; nearly half the country's rural population lives in *kutcha* or semi-*pucca* dwellings where this product represents a convenient fit.

The product addresses a large national sweep; 68% of India's population is rural, translating into around 83 crore consumers. In the last national census, 60% of Indian houses were classified as *pucca*, 28% semi-*pucca* and 12% as

*kutcha*. Among *pucca* houses, less than half used RCC slabs; the rest used ready-house roofing products (fibre cement roofing and metal roofing). The cost of fibre cement roofing was only a third of the cost of a RCC ceiling slab.

The Company's products enjoy the following advantages:

- **Durability:** The mineral fibres of asbestos blended with cement, enhances product longevity. For example, asbestos cement roof sheets last an average 50 years, which is longer than other sheeting materials (wood, plastic and steel).
- **Inexpensive:** Asbestos minerals are naturally occurring

and less expensive compared with other cement additives, which reduces construction prices while retaining durability.

- **Fireproof:** Asbestos fibres are resistant to fire and chemical damage, making them safe for homes and offices.

The Company was the seventh largest cement asbestos products manufacturer in India in 1996; it is the second largest today, having retained its position as the second largest cement asbestos product manufacturer in India with a market share of 17% for the last number of years. Over the years, the Company has evolved from a regional to a pan-Indian player with four plants in Southern India, one in Northern India, two in Eastern India and one in Western India.

The Company possessed an installed capacity of 802000 TPA of cement asbestos products as on March 31, 2016 spread across eight manufacturing facilities. The Company invested in self-designed

and self-fabricated cement asbestos equipment at six of its eight plants, helping lower capital costs per tonne than prevailing industry standards. The result is that the Company's cement asbestos business has remained viable across market cycles.

The Company's manufacturing facilities were supported by two customer-facing brands (Visaka and Shakti) and depots in cities and towns, pan-India. It is estimated that the Company's products were available across 6,000 retail outlets across the country. The Company commissioned plants in regions marked by growing demand but inadequate supply. This allowed it to service consumers within 500 kilometres of its manufacturing plants, enhance speed in servicing demand upturns, minimise trans-shipment breakage and reduce freight costs.

#### **Highlights, 2015-16**

- Sales volumes declined by 2.7% against an industry decline of 8%.

- Capacity utilisation declined by 1,000 bps to 86%

- Product popularity increased following an outdoor 'Perfect Shelter Concept' promotional campaign

#### **Opportunities**

A greater impetus on rural housing and increased government spends in the rural sector provide an opportunity to increase volumes and realisations.

#### **Outlook**

The Company expects that a favourable monsoon in 2016 could lead to a demand revival for cement asbestos sheets, strengthening capacity utilisation and business viability. The Company is also introducing colour-coated cement asbestos sheets into the market and plans to study the impact of that improvement during this current financial year and decide on the scale.

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#### **Advantages of cement asbestos sheets**

- Fire-resistant
  - Ideal for roofing
  - Thermally insulated
  - Blend of asbestos and cement enhances product longevity
  - Average estimated lifespan of about 50 years
  - More enduring than plastic, wood, tile, steel and other alternatives
- 



## BUILDING PRODUCTS SEGMENT 2

# Fibre cement sheets (non-asbestos) products/V-Next

2014-15

11

Contribution to  
total revenues (%)

2015-16

14

Contribution to  
total revenues (%)

2014-15

129750

Installed capacity  
(TPA)

2015-16

129750

Installed capacity  
(TPA)

2014-15

68

Capacity  
utilisation (%)

2015-16

82

Capacity  
utilisation (%)

## Overview

In 2008, the Company enhanced the scope of its building products division through the manufacture of flat products like V-Boards and V-Panels.

The rationale for the Company to extend from the long-standing manufacture of cement asbestos sheets to these products was inspired by a number of reasons: these acted as ideal substitutes for plywood, gypsum boards and masonry products; the products had proved successful in countries with demographics that were similar to India; the products addressed the unmet need of high quality at affordable prices; these increased consumer aspirations and incomes thus creating a consumer pull; these products allowed usage across several building applications.

The Company invested in an installed capacity of 1,20,000 tonnes for V-Boards (fibre cement flat sheets) and 9,750 tonnes of V-Panels. The Company's early-mover advantage was reflected in the fact that it emerged as one of the largest in India within a short time of going into business. The product is expected to make significant

inroads creating the potential for exponential growth.

Over the last few years, these flat products (V-Boards and V-Panels) have delivered a superior price-value proposition. These products save construction time and cost; they are safer and aesthetically superior and are increasingly preferred by architects and users. The shift in preference from plywood, particle boards, gypsum boards, masonry products and MDF boards to cement fibre sheets is expected to catalyse application in false roofing, wall panelling, partitioning and mezzanine flooring, among others.

V-Next products offer unmatched quality, superior aesthetics and durability. It is the ideal choice for consumers wanting smart and good-looking interiors and exteriors. V-Boards and V-Panels are fire, water and termite-resistant and are used for external as well as internal applications. V-Next products are non-asbestos and composed of a composite matrix containing special grade cellulose fibres, cement, silica and some mineral additives. V-Next products are exported to countries like Saudi Arabia, the UAE, Qatar, Iraq, Iran, Bahrain and Sri Lanka, among others.



### V-Boards (Fibre cement flat sheets)

Installed capacity: 120000 tonnes per annum

The Company commissioned its V-Board business in May 2008.

V-Board is non-asbestos, auto-claved, fibre cement boards manufactured using the Hatschek process and High Pressure Steam Curing (HPSC) technology. V-Boards are a composite mix of non-asbestos cellulose fibres, ordinary Portland cement, fine silica, quartz, fly ash and mineral additives.

V-Boards are manufactured as per IS 14862-2000 norms. The product is also available in textured surface finishes to address modern building applications.

The Company's V-Boards offer

unmatched quality, style and durability, making it attractive for internal and external applications (false ceiling, internal walls, mezzanine flooring, partitions and doors, among others).

The product offers distinctive advantages over plywood and particle boards (fire, water and termite resistance), enhanced affordability, low maintenance costs, low installation costs, greater functionality, easy transportability (obviating the need for mixing on-site) and greater safety in seismic

The business turned around from a cash loss of ₹8.3 crore in 2014-15 to a cash profit of ₹8.3 crore in 2015-16.

zones. The result is that these fibre cement boards have been used in prominent buildings on account of the time and resource savings on the one hand and for increased safety and aesthetics on the other.

### Highlights, 2015-16

- Revenues grew by 23% and sales volumes grew by 15% in FY16 compared to FY15
- The business turned around from a cash loss of ₹8.3 crore in 2014-15 to a cash profit of ₹8.3 crore in 2015-16.
- The business margin (EBIDTA) increased from a negative of 0.04% to 11.26%.
- Capacity utilisation increased by 1,594 bps from 66.68% in FY15 to 82.62% in FY16.

• The Company's V-Next products have been certified as 'Green' products by CII.

### Outlook

Going ahead, the Company expects to generate attractive growth in the building products segment from within India and exports.

For all those who have long complained that aesthetic exteriors come at the cost of quality (arising out of moisture damage), fibre cement boards are the answer. Being resistant to weather, fibre cement boards are ideal for even external building embellishments.

#### V-Board advantages

- Exova Warrington fire-rating and TUV PSB-certified
- Asbestos-free
- Fire-resistant
- Water-resistant
- Energy-efficient

- Termite-resistant
- Weather-resistant
- Low shrinkage
- Light and durable
- Soundproof
- Eco-friendly
- Value for money
- Easy workability

#### Applications

- Partitions
- Panelling
- False ceiling
- Facade/external cladding
- Duct covering
- Mezzanine flooring

- Roof underlay
- Wardrobes
- Kitchen cabinets
- Doors
- Backliners
- Pre-fabricated buildings



### V-Planks

V-Plank is non-asbestos, autoclaved, fibre cement board manufactured using Hatschek process and High Pressure Steam Curing (HPSC) technology. The product is a composite mix of non-asbestos cellulose fibres, ordinary Portland

cement, fine silica, quartz and mineral additives.

V-Plank is ideal for a variety of applications – external façades, soffit coverings, garden fences, compound wall claddings and gate claddings.

### V-Plank advantages

- Water-resistant
- Asbestos-free
- Energy-efficient
- Termite-resistant
- Weather-resistant
- Low shrinkage
- Easy workability
- Aesthetics with durability
- Fire-resistant
- Eco-friendly
- Value-for-money



### V-Panels

**Installed capacity: 9,750 tonnes per annum**

The product is a cost-effective and time-saving solution for dry wall construction. V-Panel enjoys all the advantages of a masonry wall with additional advantages. This low-cost and space-efficient product is positioned as a dry wall substitute. This product is preferred for its superior size-weight ratio (lighter than bricks) that sufficiently matches wall strength with axial loads. They can be erected by a few individuals and reused.

V-Panels are manufactured using a unique process that bonds asbestos-free fibre cement facing sheets and cementitious core with expanded polystyrene beads to make a composite lightweight drywall panel with a unique semi-circular tongue-groove profile for easy joining. V-Panels are benchmarked with international standards for partition walls.

Visaka possesses an installed capacity of 9,750 TPA. The Company's V-Panel customers comprise GMR Group, Punj Lloyd, Shapoorji Pallonji, Soma Enterprises, TCS, Gujarat Ambuja Port, Eenadu Group, Uranium Corporation of India and Larsen & Toubro, among others.

### Highlights, 2015-16

- Revenues of ₹11.81 crores in FY16
- EBIDTA stood at ₹1.32 crore (₹1.04 crore in the FY15)
- Capacity utilisation of 78% in FY16 (85% in FY15)

### V-Panel advantages

- Fire rating 50mm – 60min
- Fire rating 75mm – 120min
- Asbestos-free
- Light
- Time-saving
- Space-saving
- Easy workability
- Easy-to-dismantle and relocate
- Thermal insulation
- Sound insulation
- Water-resistant
- Termite-resistant
- High-strength
- Eco-friendly

### V-Next products versus plywood

Parameter	V-Next	Plywood
Cost	Cheaper by nearly 40%	Costlier
Durability	15-20 years	Nearly 5-10 years
Resistance to weathering	Yes	No
Environment-friendly	Yes	No
Time-saving	Yes	Yes (in some cases)
Requires other material	No	Yes



## 2 REVIEW OF OUR BUSINESS SEGMENTS

# Textile division

2014-15  
**18**  
Contribution to  
total revenues (%)

2015-16  
**17**  
Contribution to  
total revenues (%)

2014-15  
**31**  
Installed capacity  
MTS machines

2015-16  
**33**  
Installed capacity  
MTS machines

2014-15  
**95.90**  
Capacity  
utilisation (%)

2015-16  
**96.40**  
Capacity  
utilisation (%)

2014-15  
**200**  
Average  
realisation  
(₹/kg)

2015-16  
**186**  
Average  
realisation  
(₹/kg)

2014-15  
**13.64**  
EBIDTA margin  
(%)

2015-16  
**16.11**  
EBIDTA margin  
(%)



### Overview

The Company ventured into the manufacture of synthetic yarns in 1992.

The entry into this segment was inspired by the fact that there was a growing market for the manufacture of synthetic yarn. Over the years, the relevance of this business has been validated by the fact that downstream markets have become increasingly demanding and sophisticated coupled with a growing need for specialised yarn vendors.

The Company's decision to focus on yarns was reinforced by the manufacture of niche products, value-addition, investment in state-of-the-art twin air jet spinning

machines and longstanding engagements with some of the most respectable fabric manufacturers. Over the years, the Company widened its product range to manufacture mélange yarns, high-twist yarns and specialty yarns across different blends and styles. These factors allowed the Company to escape the full brunt of the slowdown in the global textile sector during the year under review, marked by erosions in realisations.

The Company reported ₹172 crore in revenues along with a 12.80% increase in EBIDTA over FY15. The Company reported among the highest productivity and efficiency standards in the country.

The Company's yarns are environment-friendly and ÖEKO-TEX-certified, since July 2008. The Company selected to specialise in a niche, value-added segment of the commodity business (polyester spun yarns as well as 30 to 76 count double yarns), which remained relatively insulated from price-based competition.

The Company invested in manufacturing scale. It possesses the single-largest twin airjet equipment installation in India and one of the biggest such installations in the world. These air-jet yarns were marked by low piling, no singeing and excellent dye pick-up, low picks per inch, low weaving costs, low value loss/fresher piece lengths, perspiration absorption, low shrinkage, smooth appearance and a cotton-touch feel.

The Company produced dyed yarns at speeds higher than the equipment

manufacturer's recommendation. The result is that the business reported an EBIDTA margin of 16.11% in 2015-16 compared to 13.64% in the previous year – one of the highest reported by any yarn manufacturer in the country. Over 25% of the division's production was exported to value-added fabric makers (used in umbrellas, Venetian blinds, table linen and automotive fabrics).

### Highlights 2015-16

- Reported revenues worth ₹172 crore
- EBIDTA increased to ₹27.65 crore from ₹24.51 crore in FY15.
- Reported average realisations of ₹186 per kg as against ₹200 per kg in FY15.
- The Company added customers in the industrial and home textile segments. The Company's yarns

proved favourable for branded apparel manufacturers. The Company caters to exclusive customers to forge enduring relationships with them.

- Exports increased from ₹39.70 crore in FY15 to ₹44.07 crore in FY16; exports were made to Germany, Egypt, Italy, Taiwan, the US, Syria, South Africa, Peru, Turkey and the UK among others.

- The Company enhanced operating productivity by increasing spindle speed.

### Outlook

The Company embarked on a 26% capacity expansion which is expected to begin commissioning in July 2016, financed through concessional debt, capitalising on incentives announced by the Maharashtra Government.

## Improving prospects

### Global scenario

- Global fabric consumption is expected to reach 100.5 MTPA by 2020 and 137 MTPA by 2030 from current consumption levels of 76 MTPA.
- World export volumes of cotton yarn were estimated at ~ 3 MTPA (US\$11.5 billion) leveraging China's emergence as a major yarn importer.
- Asia accounts for of 85% share of the global yarn production, China and India together account for 78% of Asia's share.

### Indian scenario

- India accounts for 20% of the

global spindleage (47.8 million spindles).

- Indian spindleage operates at an average utilisation of 80%
- India's power costs and wages are more competitive compared to other Asian exporters
- India's yarn exports have doubled in the last five years
- The Indian Government implemented Amended Technology Upgradation Fund Scheme (ATUFS) with the objective to attract investments of ₹1 lakh crore and create over 30 lakh jobs. A budgetary provision of ₹17,822 crore was approved, of which ₹12,671 crore was for committed liabilities under

the ongoing scheme [RR-TUFS] and ₹5,151 crore for new cases under ATUFS. The new scheme targets employment generation and export by encouraging the apparel and garment segments. Under the new scheme, there will be two broad categories: one for apparel, garment and technical textiles, wherein a 15% subsidy will be provided over five years on capital investment not exceeding ₹30 crore. The second category, comprising all other sub-sectors, will attract a 10% subsidy subject to a ceiling of ₹20 crore. The Central Government has extended the 2% export benefit under the Merchandise Export from India Scheme for more countries.

# Managing our risks

## 1

### Corporate

#### **Diverse businesses**

The Company has invested in diverse businesses as opposed to investing largely in one and enhancing scale. The Company perceives this to be adequate de-risking; the investment in a single standalone business would have exposed the Company to a larger risk in the event of a downturn in that one segment. By dispersing the risk across three businesses, the Company has enhanced its ability to respond to diverse upturns and consumer pulls within the Indian economy.

#### **Funding growth**

The Company continued to leverage accruals and debt with the objective to sustain business investments leading to corporate growth. As a matter of prudence, the Company mobilised low-cost debt and invested only to the extent that this debt servicing would not be compromised by inadequate earnings. The result is that the Company's interest cover continued to be comfortable at 2.90 even during the downtrend in 2015-16.

## 2

### Building products

#### **Creating awareness**

There is a perception that cement asbestos products are harmful to human health. The Company has created a brand around product safety. The quantum of fibre used in asbestos is only 8% in India. Moreover, the Company uses white fibre in place of the banned carcinogenic blue fibre. Besides, the free floating asbestos used by the Company is well below the 0.1 fibres/cc of air mark fixed by the Ministry of Environment. The Company's ongoing audit ensures a safe workplace for employees.

#### **Customer proximity**

The Company services consumers within 500 kilometres of its manufacturing plants, moderating the incidence of freight and shipment breakage. The Company commissioned plants in regions with inadequate supplies, deepening its coverage.

#### **Ensuring regular supply**

Inconsistent fibre supply can affect production. The Company enters into annual contracts leading to predictable resource access.

#### **Enhancing product credentials**

The Company promoted and branded its V-Panels to enhance an appreciation of product characteristics over competing alternatives, translating into increased offtake.

#### **Managing currency fluctuations**

A committee proactively handles hedging policy as the fibre requirements were met through imports, exposing the Company to forex volatility. The Company enjoyed a natural import hedge as a certain portion of its yarn and V-Boards output gets exported.

## 3

### Textile business

#### **Value addition**

The Company manufactures niche value-added products.

#### **Cost reduction**

The Company altered inputs, reduced costs, strengthened realisations and enhanced product quality to counter a probable increase in input prices.

#### **Cash-rich**

While several textile businesses are high on debt, the Company invested accruals in growing its textiles business. The textile business reported a growth of 12.80% in EBIDTA during the year under review.



# Board's Report

*Dear members*

Your Directors are pleased to present the 34th Annual Report of the Company with Audited Financial Statement for the year ended March 31, 2016. The financial highlights are as follows:

PARTICULARS	<i>(Rs. in lakhs)</i>	
	2015 – 2016	2014 - 2015
Total Revenues	100758	102355
Profit before depreciation and taxes	7668	7630
Profit before taxes	4037	3321
Provision for taxes (Incl. Deferred Tax)	1594	1197
Profit for the year after taxes	2443	2124
Balance brought forward from previous year	1054	* (114)
Profit available for appropriation	3497	2010
Dividend on equity share capital	794	794
Corporate Dividend Tax	162	162
Transfer to general reserve	1500	-
Balance carried to balance sheet	1041	1054

\* the amount shown is after the adjustment for depreciation on Fixed Assets of which the useful life expired as on 1st April 2014 against the opening retained earnings.

## PERFORMANCE REVIEW AND THE STATE OF COMPANY'S AFFAIRS

Performance of your company has a strong connection to the performance of the rural and semi-urban economies of our country. Due to two consecutive below average monsoons, sluggishness in the economy continued during the financial year under review. There was no agility in the market due to poor demand conditions. Amidst the gloomy economic environment, strategies like aggressive ad campaign, improved operational efficiency, strengthening the Distribution reach, developing new markets and focusing more on higher realisation applications etc., helped your company to show a reasonably good performance during the financial year under review.

The Company's key performance indicators are as under:

- Revenue from operations decreased marginally by 2% to 1005 Crores from 1021 Crores of previous year.
- Cash Profit increased marginally to Rs.76.68 Crores from Rs.76.30 Crores of previous year.
- Net Profit increased to Rs.24.43 crores from Rs.21.24 crores of previous year.
- The capital expenditure for 2015-16 was Rs.18.68 Crores, which was principally on account of ongoing expansion undertaken at the Textile Plant at Nagpur and other normal capital expenditure at various units.

There is no change of business during the year under review.

Your Company's shares are listed on the National Stock Exchange (NSE) and Bombay stock exchange Limited (BSE). Variations in the market capitalisation and price earnings ratio are provided hereunder:

Parameter	As at March 31, 2016	As at March 31, 2015
Market Capitalisation* (in Rs. Crores)	168.02	146.10
P/E ratio	6.87	6.88

(\* based on closing price at Bombay Stock Exchange Limited, being the higher of two exchanges, as on the respective dates)

Your Company made its initial public offer of equity shares in 1984-85. The closing price (quoted on stock exchanges) of your Company's share of Rs.10/- each fully paid-up as at March 31, 2016 and March 31, 2015, are 529% and 460% respectively over the price of last public offer made in the year 1991-92.

No material changes and commitments occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

During the year under review:

1. The Hon'ble Arbitral Tribunal constituted to adjudicate the dispute between your Company and M/s. Hyderabad Cricket Association (HCA) with regard to violation of certain Advertisement and displaying rights etc., granted in pursuance of an agreement entered on 16.10.2004 by HCA, passed an award dated March 15, 2016. As per the award it was held inter-alia, that the termination of the agreement by HCA is unsustainable and bad in law and thus, Rs.25.92 Crores were awarded as damages for the various violations committed by HCA under the agreement. Your Company awaits the compliance of the same by HCA.

2. In a defamation suit filed by your company, inter-alia, against Google Inc. USA, Hon'ble 1st Additional Chief Judge, City Civil Court, Secunderabad, the Appellant Court has set aside the judgment cum decree of the trial court, pursuant to which, withdrawal of certain defamatory material placed on the Google blog by one Mr. Gopala Krishna, against your Company including promoters was ordered.

The said person, an anti-asbestos lobbyist with vested interest, had posted certain derogatory remarks against the Company's Asbestos Cement Sheets business and Promoters on a blog banasbestosIndia hosted by Google Inc. through Google India Pvt. Ltd. Aggrieved by the said post, your Company pursued the matter with Google Inc. USA and vexed with its attitude had filed a suit in the nature of mandatory injunction directing Google Inc. to remove the said content.

The said lobbyist neither presented himself nor represented even once and his whereabouts are also not known. As on date the said content is not yet withdrawn and the compliance of the Appellate Order by Google Inc., USA., is awaited.

## DIVIDEND AND GENERAL RESERVE

Your Directors declared interim dividend of Rs.3/- (i.e., 30%) per share of Rs.10/- each during the financial year under review. Your Directors recommend payment of Final Dividend of Rs.2/- (i.e. 20%) per share of Rs.10/- each for the said Financial Year. With the above, the total dividend recommended would be Rs.5/- (i.e., 50%) per share of Rs.10/-, which is on par with the previous year of Rs.5/- per share (i.e. 50%). The Company is absorbing Corporate Dividend Tax of Rs.161.65 Lakhs on the said Dividend.

Your Company proposes to transfer Rs.1,500 lacs to the general reserve for the financial year ended March 31, 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is in the Business of Manufacture and Sale of Cement Asbestos Sheets, Fiber Cement Sheets (V-Boards), Panels and Spinning (Synthetic Spun Yarn). Segment-wise Management Discussion and Analysis is provided hereunder:

### A. BUILDING PRODUCTS

#### i. Cement Asbestos Business

##### Industry structure and developments:

This industry exists for the last 80 years in India.

Cement Asbestos Products continue to be in demand because of the efforts made in making inroads into rural markets for the product, its affordability and other qualities such as corrosion resistance, weather and fire proof nature.

Currently there are about 20 entities in the Industry with about 72 manufacturing plants with an annual capacity of 57.00 Lac MT throughout the Country. The products are marketed under their respective brand names mainly through dealers for the retail segment and directly for projects and government departments.

##### Opportunities and threats:

Cement asbestos sheets are mainly used as roofing materials in rural and semi-urban housing and by industries and poultry sector.

Cement asbestos sheets are popular as they are inexpensive; need no maintenance and last long when compared to competing products such as thatched roofs, tiled roofs and galvanized iron sheets.

According to the information gathered by the Company, about 60% of rural people use thatched roof/tiles for the shelter. Thatched roof need regular replacement and tiled roof needs continued maintenance. Therefore, whenever the economic conditions improve, the first choice of the rural poor is to replace the roof over their head with the affordable and relatively durable product i.e. Cement Asbestos Sheets. Therefore, your Company sees increased potential for usage of Cement Asbestos Sheets in rural areas.

Presence of increased alternative products in the recent past like Galvam and other metal colour coated sheets is creating some impact on the sales volumes of this product

to some extent. However, your Company is introducing new colour coated sheets to overcome the same.

##### Risks and concerns:

Lack of entry barriers: Lack of entry barriers is attracting new entrants into this line of business.

Activities of Ban Asbestos Lobby: The activities of the Ban Asbestos Lobby instigated by the manufacturers of substitute products continue to be a matter of concern.

##### Outlook:

In the last year, growth of the Industry was not encouraging due to tight monetary conditions, low demand, low spend on infrastructure development, compounded by pressure on prices and also change of consumption pattern among the users. However, your Company could reduce the said impact to some extent by resorting to aggressive marketing strategies.

Your Company is continuously striving to enhance the product's distribution reach and increased market presence by strengthening network of stockists, resorting to aggressive advertisement campaign and introduction of new colour coated sheets. These, coupled with inherent advantages associated with the product such as cost affordability etc., are expected to result in a growth rate of 5% to 10% in the next fiscal.

#### ii. Boards

##### Industry structure and developments:

There are 8 players in the industry producing identical or similar products with an annual capacity of 396000 MT.

##### Opportunities and threats:

Fibre Cement Boards (FCB) are environment friendly, save time, cost effective as well as a good substitute for wood and thus help in reducing deforestation. Further it can also be a substitute for gypsum board in certain applications. These products have good aesthetics appeal. They can be used both internally and externally. They are also durable and have a life of over 25 years or more with proper maintenance. Further, the product has Triple advantages of Fire, Water and termite resistance. FCB lends itself to any type of finish – paint, laminate, wall paper, tiles, marble etc.

FCB products are well accepted in Office and Commercial Segments. Of late, Hotel Industry started accepting

Drywalls as Guest Room Dividers. Wet Area application with the product has become an accepted norm and its ability to take the finish of Marble or Tiles is an added advantage.

As far as the Residential Segment is concerned, the entry level is with False Ceiling Tiles in bathrooms. In living rooms and kitchens, the product can be used as shelves and cupboards, because FCB does not get affected by Termite and it is a long life product; External Cladding with V Premium Boards, Front Elevation with V Premium Planks and Duct Covering to service pipes are well appreciated & accepted by leading builders in India; Residential dwelling units with all internal walls made of FCB are catching up very fast.

V Premium stands the test of time, when exposed to different weather conditions; High levels of Fire Resistance (up to 3 hrs fire rating) and Noise Reduction Levels (up to 55 dB) enables easy entry of V Board, in to Hotel Segment. Increased awareness to FCB will help acceptance and market growth. Visaka is the only Company to have Green Certification from CII, for its Non Asbestos Fiber Cement Board Products.

On the negative side, Cellulose pulp has to be imported. Compared to wood and plywood, workability is a matter of concern. Further, initial handling is comparatively difficult. While consumers are preferring this product, the applicators like Carpenters are resisting initially due to difficulty in working on FCB compared to Plywood. Your Company is in the process of educating the applicators, through theoretical and practical training programmes, to ensure better acceptance.

#### Risks and Concerns:

Lack of entry barriers as well as import of cement board materials from Philippines/Thailand/China and Malaysia are matters of concern.

#### Outlook:

The industry is growing at an average rate of 15%. Saudi Arabia and Middle East markets are slightly down due to drop in crude oil prices, which is a matter of concern. To offset the same, your Company is exploring opportunities in African countries like Tanzania, Kenya; focusing on other Asian countries like Nepal, Sri Lanka and Pakistan. Your Company has enquiries from Philippines also. New applications for Acoustics and Tile underlay, wall lining

etc., is gaining popularity. As Plywood is turning out to be costlier, it is expected that manufacturers will shift towards Cement boards.

#### iii. Panels

Sandwich Panels are in demand in the market, for use as Partition Material. The 'Reinforced Building Board Sandwiched Panels' are made of two fibre-reinforced cement sheets enclosing a lightweight core. These panels are fully cured at factory and are ready for installation. These panels are cheaper compared to masonry partitions / wood partitions and are also easy to fix and takes comparatively less time for installation.

#### Performance of Building Products Division

As against a production of 855293 tonnes made during the previous year the Division has produced 797157 tonnes during the Financial Year ended 31st March, 2016. The sales during the Financial Year Ended on 31st March, 2016 is 796239 tonnes as against 805604 tonnes during the previous Financial year, registering a marginal decrease of 1.16%.

The net turnover of Building Products Division during the year was Rs.818 crores as compared to Rs.833 Crores during the previous year. The decrease was due to the subdued market conditions, modest growth in agriculture sector in the country coupled with change of consumption pattern among the users. The reduction is more on account of cement asbestos products while there is growth in the FCB business.

## B. SYNTHETIC YARN BUSINESS

#### Industry structure and development:

The year 2015-16 witnessed wide fluctuation in oil price between USD 28 and USD 70 per barrel, resulting in bottoming out of prices of petroleum products including Polyester fibre. This led to wild swings in the demand for Polyester based yarns. Timely purchase of raw material and execution of yarn contracts significantly helped your Company to reduce the impact of the vagary in oil prices. As a result of reduction in raw material and yarn prices in the year under review, the turnover of the company was less by about 8 Crores, though the volume of sales went up by about 241 tonnes.

The uncertainty in Chinese economy and its manufacturing facilities also had an impact on the supply side of yarns



globally. There were not many new installations of Spinning capacity.

As the oil price is expected to increase in the coming months, it is expected that the demand for textiles will pick up and your Company is expected to perform better in 2016-17.

#### **Opportunities and threats:**

With more and more customers consistently requiring good quality yarns, demand for your Company's yarns will continue to grow. Since, your Company has the largest installation of Murata Twin jet installation in the world, customers approach willingly as one-stop shopping for all their airjet spun yarn needs. The continued increase in per-capita consumption of textiles in India also provides further opportunities.

The El Nino effect which brought drought to India, resulted in water shortage for the fabric processing units. The temperature is set to decline from June 2016 onwards. With the onset of La Nina, bountiful rain all over the country is expected, which should trigger growth in textile business.

With more than 11 million cotton bales in stock (equivalent to half of annual global production), China is expected to flood the market with cotton fibre, which may result in lower price for cotton. Polyester, being a substitute for Cotton will also have immediate impact, in spite of increasing oil price. This could be a threat during the year 2016-17.

With India being the only well managed country amongst the BRICS nations, Rupee has strengthened from about Rs. 69/- to about Rs. 66/- during the first 2 months of 2016-17. If this strengthening trend of Indian Rupee continues, it will affect the export margins.

#### **Risks and concerns:**

The improved power situation in India during the last year is helping the spinners in Tamilnadu to compete with our fine yarns with attractive prices. This may affect your Company's profitability. The ongoing expansion of spinning capacity of your Company will give an additional production of about 250 tons per month from September 2016 onwards. Steps are initiated for improving Company's customer base for selling this additional volume. Any delay in acquiring new customers may increase its medium term inventory levels.

#### **Production and Sales volumes:**

The production in the spinning unit during the year 2015-16 was 9290 metric tonnes as compared to 8900

metric tonnes during the previous year. The sales were 9199 metric tonnes of yarn (including export of 2429 metric tonnes) during the year under review as compared to 8958 metric tonnes of yarn (including export of 2095 metric tonnes) in the previous year.

#### **Financial Performance:**

The net turnover of this division during the Current Year was Rs. 172 crores compared to Rs. 180 crores during the previous year.

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has in place adequate systems of internal financial controls commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable Financial and Operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management decisions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects online to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate Financial Reporting, if any, are dealt with immediately.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT**

Your Company believes that Human Resource is its most valuable resource and it is the quality and dynamism of human resources that enables it to make a significant contribution to enhance stakeholders' value. Your Company has taken a lot of initiatives to train its employees both in-house as well as through reputed Institutes. Your Company always strives to maintain good work culture, ethics, values and rewarding remuneration packages to keep its staff highly motivated.

During the year, the industrial relations at all the workplaces of the Company were cordial.

Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

### FIXED DEPOSITS

During the year under review, your Company has accepted deposits of Rs. 5.38 Crores from the public and shareholders. The amount of deposits outstanding as on March 31, 2016 was Rs. 10.88 Crores out of which Rs.9.98 Crores was accepted under the provisions of Chapter V of the Companies Act, 2013 (new Act) and the balance of Rs.0.90 Crores was accepted as per the provisions of the Companies Act, 1956 (old Act).

In this regard, it is further stated that

- a) there were no deposits lying unpaid or unclaimed at the end of the year i.e. 31.03.2016;
- b) There has been no default in repayment of deposits or payment of interest thereon during the year;
- c) There are no deposits lying with the Company which are not in compliance with the requirements of Chapter V of the new Act other-than the deposits accepted under the provisions of old Act as aforesaid and
- d) As provided under the new Act, the outstanding deposits accepted under the provisions of previous Act are being repaid as per the terms of each deposit.

### UNCLAIMED DIVIDEND

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amount of Rs. 8,84,304/- in respect of the year 2007 – 2008 has been transferred to Investor Education and Protection Fund on 03.09.2015 upon expiry of the mandatory 7 years period.

### BANKS AND FINANCIAL INSTITUTIONS

Your Company has been prompt in making the payment of interest and repayment of loans to the Financial Institutions and interest on working capital to the banks. Banks and Financial Institutions continue to give their unstinted support. The Board records its appreciation for the same.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company, as a responsible Corporate Citizen established Visaka Charitable Trust in the year 2000, as a non-profit entity, to support initiatives that benefit the society at large. The Trust had been already undertaking various activities like provision of drinking water by digging

bore wells, construction of irrigation tanks in remote villages, building of Class Rooms in Schools and Colleges, reimbursement of salaries of teachers and supply of class room furniture and conducting health camps.

Keeping in view the above, your Board, thought it appropriate to spend CSR expenditure as mandated under Section 135 of the Companies Act, 2013 either in part or full through the same trust i.e., Visaka Charitable Trust, objectives of which entail, it to undertake the CSR activities as contemplated under Schedule VII of the Companies Act, 2013. Your company has during the financial year under review, out of the prescribed CSR expenditure amounting to Rs.85.01 Lacs, spent an amount of Rs29.01 Lakhs directly and the balance amount of Rs.56.00 Lakhs by way of contribution to the trust.

A report on CSR activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed herewith as Annexure – 1. Your Board undertakes to spend the amount towards the aforesaid identified CSR activities through the trust as per the CSR policy of the Company.

CSR policy of the Company may be accessed on the Company's website at the link: [www.visaka.in/](http://www.visaka.in/)

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

In pursuance of Article 130(e) of Articles of Association of the Company, Shri. G. Vamsi Krishna, Whole-time Director is liable to retire by rotation at the ensuing annual general meeting and being eligible, offers himself for reappointment.

All the independent Directors have given declarations stating that for the financial year 2016-17, they meet the criteria of Independence as contemplated under Section 149(6) read with Schedule IV to the Act/SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same was taken on record by your Board in its meeting held on 10th May, 2016.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company state that:

- a. in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures; the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013.
- b. they have selected such accounting policies and



applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;

- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls in the company that are adequate and were operating effectively.
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

## CORPORATE GOVERNANCE

A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

## AUDITORS AND AUDITORS' REPORT

### Statutory Audit:

M/s. M. Anandam & Co., Chartered Accountants were appointed as Statutory Auditors of the Company to hold office for a period of three years from the conclusion of Annual General Meeting of the Company held on 25.07.2014. The said appointment needs to be ratified by the members of the Company at every annual general meeting during the said period. The Statutory Auditors have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

As required above, the Board has, after considering the recommendations of its Audit Committee, incorporated a suitable resolution for your consideration in the notice calling ensuing Annual General Meeting of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report neither contain any qualification, reservation or adverse remark

nor reported any incident of fraud to the Audit Committee or Board for the year under review.

### Cost Audit:

In terms of notification dated December 31, 2014 read with the Companies (Cost Records and Audit) Rules, 2014, under Companies Act, 2013, M/s. Sagar & Associates, Cost Accountants, Hyderabad were appointed as Cost Accountants of the Company for conducting the Cost Audit of Building Products Division as well as Textiles Products Division for the financial year 2015-16 at a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes which was ratified by you at the 33rd Annual General Meeting of the Company.

Further, the Board after considering the recommendations of its Audit Committee, resolved to appoint the aforesaid firm as cost auditors for the financial year 2016-17 and appropriate resolutions in above connection seeking your approval, have been included in the notice calling ensuing Annual General Meeting of the Company.

Pursuant to section 148(6) of Companies Act, 2013 read with rule 6(6) of the Companies (cost records and audit) Rules, 2014, cost audit report for the financial year ended March 31, 2015 was filed with the Central Government on September 22, 2015.

### Secretarial Audit:

Pursuant to Section 204 of the Companies Act, 2013, your Board appointed M/s Tumuluru & Co., Practicing Company Secretaries, Hyderabad as Secretarial Auditors for the financial year 2015-16 and Secretarial Audit Report for the Financial Year ended 31st March, 2016 is enclosed herewith as Annexure-2.

## CRITERIA FOR IDENTIFICATION, APPOINTMENT, REMUNERATION AND EVALUATION OF PERFORMANE OF DIRECTORS

Your Company constituted Nomination and Remuneration Committee (hereinafter referred to as "the Committee"), to oversee, inter-alia, matters relating to:

- a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- b) formulate the criteria for determining qualifications,

- positive attributes and independence of a director;
- c) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
  - d) carry out evaluation of every director's performance including that of Independent Directors and
  - e) devise a policy on Board Diversity

Criteria to be followed for identification, appointment, remuneration and evaluation of performance of directors including Company's Board diversity etc., as approved by the Board, aids the committee in discharging aforesaid functions.

The criteria for appointment, qualifications and positive attributes along-with remuneration policy as applicable to Directors, KMPs and other Senior management personnel and criteria to be followed for performance evaluation of each director including Independent Directors of the Company is enclosed herewith as Annexure – 3

### **FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Your Company believes that it is the collective effectiveness of the Board that impacts Company's performance and thus, the primary evaluation platform is that of collective performance of the Board as a whole.

The parameters for Board performance evaluation, as laid under evaluation criteria adopted by the company, have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfil expectations of other stakeholders through strategic supervision of the Company.

The said criteria also contemplates evaluation of Directors based on their performance as directors apart from their specific role as independent, non-executive and executive directors as mentioned below:

- a. Executive Directors, being evaluated as Directors as mentioned above, will also be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time as well as terms of their appointment.
- b. Independent Directors, being evaluated as a Director, will also be evaluated on meeting their obligations connected with their independence criteria as well

as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV to the Companies Act, 2013.

The criteria also specifies that the Board would evaluate each committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of the responsibilities of the said committee.

The Board of Directors of your Company has made annual evaluation of its performance, its committees and directors for the financial year 2015-16 based on afore stated criteria.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-4

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of investments and inter corporate deposits made by the Company, are given in the notes to the Financial Statements (Please refer Note Nos.12 and 17.1). During the year under review, your Company did not give any other loans or guarantees, provide any security or made any Investments as covered under Section 186 of the Companies Act, 2013, other than as disclosed above.

### **RELATED PARTY TRANSACTIONS**

Related party transactions entered during the financial year under review are disclosed in Note No.28 of the Financial Statements of the company for the financial year ended March 31, 2016. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions is enclosed herewith as Annexure-5

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.visaka.in/vilrptpolicy.pdf>



## RISK MANAGEMENT FRAMEWORK

As a diversified enterprise, your Company believes that, periodical review of various risks those have a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment so that it can limit negative impacts and capitalize on opportunities. Risk management framework enables a systematic approach to risk identification, leverage on any opportunities and provides strategies to manage, transfer and avoid or minimize the impact of the risks and also helps to ensure sustainable business growth with stability of affairs and operations of the Company.

Keeping the above in view, your Company's risk management is embedded in the business processes. As a part of review of business and operations, your Board with the help of the management periodically reviews various risks associated with the business and products of the Company and considers appropriate risk mitigation process. However, there are certain risks which cannot be avoided but the impact can only be minimized. The risks and concerns associated with each segment of your company's business are discussed while reviewing segment-wise Management and Discussion Analysis. The other risks that the management reviews also include:

- a. **Industry & Services Risk:** this includes Economic risks like demand and supply chain, Profitability, Gestation period etc.; Services risk like infrastructure facilities; Market risk like consumer preferences and distribution channel etc.; Business dynamics like inflation/deflation etc.; Competition risks like cost effectiveness.
- b. **Management and Operational Risk:** this includes Risks to Property; Clear and well defined work process; Changes in technology / up gradation; R&D Risks; Agency network Risks; Personnel & labour turnover Risk; Environmental and Pollution Control Regulations etc.; Locational benefits near metros.
- c. **Market Risk:** this includes Raw Material rates; Quantities, quality, suppliers, lead time, interest rate risk and forex risk.

- d. **Political Risk:** this includes Elections; War risk; Country/Area Risk; Insurance risk like Fire, strikes, riots and civil commotion, marine risk, cargo risk etc.; Fiscal/Monetary Policy Risk including Taxation risk.
- e. **Credit Risk:** this includes Creditworthiness; Risk in settlement of dues by clients and Provisions for doubtful and bad debts.
- f. **Liquidity Risk:** this includes risks like Financial solvency and liquidity; Borrowing limits, delays; Cash/Reserve management risks and Tax risks.
- g. **Disaster Risk:** this includes Natural calamities like fires, floods, earthquakes etc.; Man made risk factors arising under the Factories Act, Mines Act etc.; Risk of failure of effective disaster Management plans formulated by the Company.
- h. **System Risk:** this includes System capacities; System reliability; Obsolescence risk; Data Integrity risk & Co-ordination and Interface risk.
- i. **Legal Risk:** this includes Contract risk; Contractual liability; Frauds; Judicial Risk and Insurance risk.
- j. **Government Policy:** This includes Exemptions, import licenses, income tax and sales tax holidays, subsidies, tax benefits etc.

Further your Board has constituted a Risk Management Committee, inter-alia, to monitor and review the risk management framework.

## OTHER DISCLOSURES

### Board Meeting

Five meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance on page no. 62 of this Annual Report.

### Audit Committee

The Audit Committee comprises Independent Directors namely Shri B.B.Merchant (Chairman), Shri. V.Pattabhi and Shri. Gusti J. Noria apart from Smt. G. Saroja Vivekanand, Managing Director. All the recommendations made by the Audit Committee were accepted by the Board.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as Annexure-6.

### Vigil Mechanism

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.visaka.biz](http://www.visaka.biz) under investors/policy documents/Vigil Mechanism Policy link.

### Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is enclosed herewith as Annexure-7.

### Remuneration ratio of the Directors / Key Managerial Personnel/ Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as Annexure-8

### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were

no transactions on these items during the year under review:

- i. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- iii. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- iv. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

On behalf of the Board of Directors

Date: 10.05.2016  
Place: Secunderabad

**BHAGIRAT B. MERCHANT**  
*Chairman*



## ANNEXURE – 1

### REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

1. A brief outline of the Company's CSR policy, including overview of Projects or Programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:  
Your company as a responsible corporate entity framed CSR policy as stipulated by the Companies Act, 2013 to undertake all or any of the objectives contained in Schedule VII.  
Your company intends to actively contribute to the social and economic development of the communities in which it operate by participating actively in building a better, sustainable way of life for the weaker sections of society and raise the country's human development index.  
The CSR Policy may be accessed on the Company's website at the link: <http://www.visaka.in/csrpolicy.pdf>
2. The Composition of CSR Committee:  
The CSR Committee comprises Directors namely Shri Gusti J. Noria (Chairman), Dr. G.Vivekanand, and Smt. G. Saroja Vivekanand.
3. Average net profits of the Company for last three financial years: Rs.4250.49 crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.85.01 lakhs
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year 2015-16: Rs.85.01 Lacs
  - b) Amount unspent, if any: Not Applicable
  - c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8		
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs 1. Local Area or other 2. Specify the State and District where projects or Programs were undertaken	Amount outlay (budget) Project Or Programs-wise	Amount spent on the Project Or Programs-wise Sub-heads 1. Direct Expenditure on Project or Prog. 2. Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency		
1	Provision of Drinking water	Clause i of Schedule VII	Amount contributed/spent on CSR activities in backward districts of Telangana state and in the vicinities of factories of the Company.			₹29.01 Lacs	Directly by the Company itself		
2	Construction of irrigation tanks	Clause x of Schedule VII							
3	Building of class rooms and toilets in schools and colleges	Clause ii of Schedule VII							
4	Supply of class room furniture and payment of teachers' salaries					₹ 153.00 Lacs*	Visaka Charitable Trust		
5	Conducting health camps	Clause i of Schedule VII							
6.	Sports	Clause vii of Schedule VII							

\* includes the funds contributed during FY 2015-16 of Rs.56.00 lacs

6. In case the Company has failed to spend the 2% of the average net profits for the last three years / any part thereof, reasons therefor:

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR

policy is in compliance with CSR objectives and Policy of the Company.

“The directors report that your company has complied with its CSR policy along with the provisions of the Companies Act and rules made there under”

G. Saroja Vivekanand  
Managing Director

Gusti J.Noria  
Chairman, CSR Committee

## ANNEXURE – 2 Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

(Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
**Visaka Industries Limited**  
CIN: L52520TG1981PLC003072  
Visaka Towers, 1-8-303/69/3,  
S.P. Road, SECUNDERABAD – 500 003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Visaka Industries Limited (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and

other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956



- (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of :
    - a) Foreign Direct Investment (not applicable during the Audit Period),
    - b) Overseas Direct Investment (not applicable during the Audit Period) and
    - c) External Commercial Borrowings (not applicable during the Audit Period);
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable during the Audit Period);
    - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable during the Audit Period);
    - e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008; (not applicable during the Audit Period);
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the Audit Period);
    - h. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 (not applicable during the Audit Period); and
    - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - vi. Other applicable laws, including the following:
    - (a) Factories Act, 1948
    - (b) The Payment of Gratuity Act, 1972
    - (c) The Environment (Protection) Act, 1986
    - (d) Competition Act, 2002
    - (e) Employees Provident Fund and Miscellaneous provisions Act, 1952
    - (f) Employees State Insurance Act 1948
    - (g) Hazardous Wastes (Management and Handling) Rules 1989
    - (h) Income-tax Act 1961
    - (i) Indian Stamp Act, 1899
    - (j) Maternity Benefit Act, 1961
    - (k) Minimum Wages Act, 1948
    - (l) Payment of Bonus Act, 1965
    - (m) Payment of Wages Act 1936
    - (n) Industrial Dispute Act, 1947
    - (o) Hank Yarn Packaging Obligation – Hank Yarn Packing Notification issued by the Textile Commissioner, Mumbai dated 17th April, 2003
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013
  - (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited (until 30.11.2015)
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards as mentioned above.
- We further report that -
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - (ii) Adequate notice is given to all directors to schedule the Board Meetings agenda and detailed notes on

agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

Corporate Social Responsibility:

2% of the average net profits for three preceding financial

years worked out to Rs. 85.01 Lakhs, out of which Rs. 29.01 Lakhs was spent by the Company on the activities covered in Schedule VII of Section 135 of the Act, and the balance Rs. 56.00 Lakhs is transferred to Visaka Charitable Trust carrying the activities envisaged under schedule VII of Section 135 of the Act.

For **Tumuluru & Co.**  
Practicing Company  
Secretaries

Tumuluru Krishnamurthy  
Proprietor

Place: Jakarta

Date: 09.05.2016

FCS NO. : 142

C. P. No. : 1293

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

## Annexure A

To,

**The Members,**

**M/s Visaka Industries Limited**

CIN: L52520TG1981PLC003072

Visaka Towers, 1-8-303/69/3,

S.P.Road, SECUNDERABAD – 500 003

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Tumuluru & Co.**  
Practicing Company  
Secretaries

Tumuluru Krishnamurthy  
Proprietor

Place: Jakarta

Date: 09.05.2016

FCS NO. : 142

C. P. No. : 1293



## ANNEXURE - 3

### DOCUMENT SETTING OUT CRITERIA FOLLOWED BY NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF THE COMPANY FOR IDENTIFICATION, APPOINTMENT, REMUNERATION AND EVALUATION OF PERFORMANCE OF DIRECTORS

Visaka Industries Limited, as required under the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement entered with Stock Exchanges/SEBI (LODR) Regulations, 2015, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to

- a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- b) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- c) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- d) carry out evaluation of every director's performance including that of Independent Directors and
- e) devise a policy on Board Diversity

Now this document sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This document also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and

the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

Definitions: Words used hereunder will have the same meaning as defined and ascribed in the Companies Act, 2013 (herein after referred to as the Act) and clause 49 of the listing agreement entered with stock exchanges/SEBI (LODR) Regulations, 2015.

#### **Matters pertaining to Nomination of Directors, KMPs, Senior Management and other employees:**

**Nomination Criteria for Directors:** In identifying and recommending the candidature for appointment as Director, the Committee will consider the following criteria:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.
- ii. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
- iii. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement/SEBI (LODR) Regulations, 2015 or any other enactment for the time being in force, as the case may be.
- iv. Ensure that the Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.
- v. Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of

the Company's business.

- vi. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
- vii. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

#### **Nomination Criteria for other KMPs / Senior Management personnel:**

The committee will consider:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
- ii. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.

#### **Additional Criteria for Appointment of Independent Directors:**

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and clause 49 of the Listing Agreement/SEBI (LODR) Regulations, 2015, including any amendments made thereof from time to time.

#### **Additional Responsibility of the Board:**

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement/SEBI (LODR) Regulations, 2015, or any other enactment for the time being in force and applicable as the case may be

#### **Term / Tenure, Continuity and Renewal:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment.

As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement/SEBI (LODR) Regulations, 2015 relating to disqualifications, resignation, removal and retirement.

Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **Matters pertaining to Remuneration:**

This document also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

#### **General:**

- 1) The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
- 2) The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality required to run the company successfully;
  - b. The remuneration is comparable and in proportion to the accepted industry standards;
  - c. Relationship of remuneration to performance



is clear and meets appropriate performance benchmarks; and

- d. To the extent possible, such remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 3) The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- 4) Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.
- 5) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- 6) Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel are governed under Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

#### **Remuneration to Executive Directors, KMPs and Senior Management Personnel:**

##### **a) Fixed pay:**

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Besides, Managing Director is eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined

under the provisions of the Companies Act, 2013.

Remuneration payable to Senior Management Personnel is governed by their respective terms of appointment.

##### **b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

##### **c) Provisions for excess remuneration:**

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

#### **Remuneration to Non-Executive / Independent Directors:**

##### **a) Sitting Fee:**

The Non- Executive / Independent Director may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed by the Central Government from time to time and approved by the Board.

##### **b) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act subject to a maximum of Rs.7.50 lacs.

#### **Matters pertaining to Evaluation:**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges/SEBI (LODR) Regulations, 2015, internal code of conduct and policies formulated by the Company for its internal execution.

As regards the evaluation process; the scheme of the Companies Act, 2013 read with clause 49 of the listing agreement/SEBI (LODR) Regulations, 2015 contemplates that:

- a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;
- b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;
- c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors;
  - i) Performance of the non-independent directors and the Board as a whole shall be reviewed and
  - ii) Performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors) shall be reviewed.
- d) Clause 19 read with Clause 2 of Section A of Part D under Schedule II of SEBI (LODR) Regulations, 2015 stipulates that the Nomination Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors and
- e) Clause 17(10) of SEBI (LODR) Regulations, 2015 stipulates that the performance of Independent Directors shall be done by the entire Board

As regards the evaluation criteria to be followed by Board for its evaluation of Committees and other Directors including Independent Director; Independent Directors of Non-Independent Directors, the same are dealt in other documents dealing with respective criteria of evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and clause 49 of the listing agreement/SEBI (LODR) Regulations, 2015. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like

- a. well informed and understand the Company, its business and the external environment in which it operates;
- b. prepare well and participate actively in the Board and its committee meetings;

- c. Effectively probe to Test the assumptions; rendering independent and unbiased opinion
- d. Resolute in holding to their views and resisting pressure from others;
- e. Follow-up on matters about which they have expressed concern;
- f. strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g. Contributions in development of a Strategy, Business plan or risk management;
- h. Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i. Diplomatic and convincing way of presenting their views and listening to views of others
- j. up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k. adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.
- l. making timely disclosures of their interest and disclosure of non-independence, when it exists
- m. His/her contribution to enhance overall brand image of the Company.

The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The committee submits its evaluation report to the Board for its consideration.

As stated above, it is to be noted here that the Directors collectively as a Board or individually as Independent Directors, Non-Independent Director etc., will be evaluated by the Board, Independent Directors etc., based on the criteria adopted for that purpose and in the eventuality of existence of discrepancies, if any between the evaluation made by the Committee and the Board or Independent Directors, the Board of Directors will have the discretion to decide and act on the same.



## ANNEXURE - 4

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

### Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 And Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L52520TG1981PLC003072
ii)	Registration Date [DDMMYY]	18.06.1981
iii)	Name of the Company	Visaka Industries Limited
iv)	Category / Sub Category of the Company	Limited by shares
v)	Address of the Registered Office and contact Details	Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District, Telangana, 502300 Phone Nos. 08455 287740,41,81 & 82
vi)	Whether listed Company	Yes
vii)	Name, Address and contact details of Registrar & Transfer Agents ( RTA ):- Full address to be given.	M/s Karvy Computershare Private Limited Karvy Selenium Tower B Plot No. 3183 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500032, Telangana Tel : 040-67161606/67162222 Mail id : einward.ris@karvy.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. NO.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cement Asbestos Products	23959	69
2	Fibre Cement Flat Board Products	23959	14
3.	Textiles	13114	17

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

(No. of Companies for which information is being filled)

S. NO.	Name and Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE
Not Applicable			

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5961255	-	5961255	37.53	5962255	-	5962255	37.54	0.01
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>5961255</b>	<b>-</b>	<b>5961255</b>	<b>37.53</b>	<b>5962255</b>	<b>-</b>	<b>5962255</b>	<b>37.54</b>	<b>0.01</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	2118	2118	0.01	2118	-	2118	0.01	0.01
b) Banks / FI	212581	3350	215931	1.36	71777	3350	75127	0.47	(0.89)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	346803	-	346803	2.19	520589	-	520589	3.27	1.09
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>559384</b>	<b>5468</b>	<b>564852</b>	<b>3.56</b>	<b>594484</b>	<b>3350</b>	<b>597834</b>	<b>3.75</b>	<b>0.20</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	3548413	15110	3563523	22.44	2841606	15110	2856716	17.99	(4.45)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh*	3741513	478658	4220171	26.57	4531803	468368	5000171	31.48	4.91
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh**	1363609	-	1363609	8.59	1248050	-	1248050	7.86	(0.73)
c) Others (Specify) NBFCs registered with RBI	-	-	-	-	28100	-	28100	0.18	0.18
<b>Non Resident Indians</b>	<b>170059</b>	<b>1170</b>	<b>171229</b>	<b>1.08</b>	<b>163392</b>	<b>1170</b>	<b>164562</b>	<b>1.04</b>	<b>(0.04)</b>



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	34313	-	34313	0.22	17159	-	17159	0.11	(0.11)
Trusts	2000	-	2000	0.01	6105	-	6105	0.04	0.03
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>8859907</b>	<b>494938</b>	<b>9354845</b>	<b>58.91</b>	<b>8836215</b>	<b>484648</b>	<b>9320863</b>	<b>58.70</b>	<b>(0.21)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>9419291</b>	<b>500406</b>	<b>9919697</b>	<b>62.47</b>	<b>9430699</b>	<b>487998</b>	<b>9918697</b>	<b>62.46</b>	<b>(0.01)</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>15380546</b>	<b>500406</b>	<b>15880952</b>	<b>100.00</b>	<b>15392954</b>	<b>487998</b>	<b>15880952</b>	<b>100.00</b>	<b>-</b>

\* Previous Year beginning it is Individual shareholders holding nominal share capital upto Rs. 1 Lakh

\*\* Previous Year beginning it is Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh

#### ii) Shareholding of Promoter:

SNO	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. G Vivekanand	5768116	36.32	-	5768116	36.32	-	-
2	Smt. G Saroja Vivekanand	193139	1.21	-	194139	1.22	-	-
		5961255	37.53		5962255	37.54		

#### iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. NO.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	5961255	37.53	5961255	37.54
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
		1000	0.01	5962255	37.54
3	At the end of the year	5962255	37.54	5962255	37.54

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. NO.	Name of the Share Holder	Shareholding		Increase / (Decrease) in Share Holding			Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2015	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
1	Vigilance Security Services Pvt. Ltd.	1411836	8.89	22.05.2015	7709	Purchase	1419545	8.94
				31.03.2016			1419545	8.94
2	Arudra Roofings Pvt. Ltd.	573133	3.61	07.08.2015	(753)	Transfer	572380	3.60
				14.08.2015	(4247)	Transfer	568133	3.58
3	Jupiter South Asia Investment Company Ltd.	251411	1.58	31.03.2016	-	-	251411	1.58
4	General Insurance Corporation of India**	145446	0.92	31.07.2015	(27744)	Transfer	117702	0.74
				07.08.2015	(17702)	Transfer	100000	0.63
				21.08.2015	(20000)	Transfer	80000	0.50
				28.08.2015	(30000)	Transfer	50000	0.31
5	Vijay Kumar Aggarwal**	126505	0.80	01.04.2015				
				01.05.2015	300	Purchase	126805	0.80
				08.05.2015	34306	Purchase	161111	1.01
				15.05.2015	15000	Purchase	176111	1.11
				22.05.2015	40000	Purchase	216111	1.36
				29.05.2015	70000	Purchase	286111	1.80
				05.06.2015	40000	Purchase	326111	2.05
				12.06.2015	20000	Purchase	346111	2.18
				26.06.2015	(17907)	Transfer	328204	2.07
				07.08.2015	(23000)	Transfer	305204	1.92
6	Ruchit Bharat Patel**	131974	0.83	01.04.2015				
				10.07.2015	(43300)	Transfer	88674	0.56
				24.07.2015	(26628)	Transfer	62046	0.39
				31.07.2015	(26393)	Transfer	35653	0.22
7	IL & FS Securities Services Limited*	120240	0.78	01.04.2015				
				01.04.2015	150	Purchase	120390	0.76
				10.04.2015	(4050)	Transfer	116340	0.73
				17.04.2015	(25)	Transfer	116315	0.73
				24.04.2015	150	Purchase	116465	0.73



S. NO.	Name of the Share Holder	Shareholding		Increase / (Decrease) in Share Holding			Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2015	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
				01.05.2015	485	Purchase	116950	0.74
				08.05.2015	(47000)	Transfer	69950	0.44
				15.05.2015	(150)	Transfer	69800	0.44
				22.05.2015	(50)	Transfer	69750	0.44
				29.05.2015	600	Purchase	70350	0.44
				05.06.2015	228485	Purchase	298835	1.88
				12.06.2015	(124996)	Transfer	173839	1.09
				19.06.2015	(299)	Transfer	173540	1.09
				26.06.2015	25	Purchase	173565	1.09
				03.07.2015	40	Purchase	173605	1.09
				10.07.2015	5014	Purchase	178619	1.12
				17.07.2015	195	Purchase	178814	1.13
				24.07.2015	900	Purchase	179714	1.13
				31.07.2015	(7827)	Transfer	171887	1.08
				07.08.2015	(71668)	Transfer	100219	0.63
				14.08.2015	59598	Purchase	159817	1.01
				21.08.2015	(123774)	Transfer	36043	0.23
8	Anil Kumar Goel	156000	0.98	01.04.2015				
				19.06.2015	2001	Purchase	158001	0.99
				26.06.2015	22999	Purchase	181000	1.14
				30.06.2015	5600	Purchase	186600	1.17
				03.07.2015	3400	Purchase	190000	1.20
				10.07.2015	26437	Purchase	216437	1.36
				24.07.2015	(5437)	Transfer	211000	1.33
				07.08.2015	(6000)	Transfer	205000	1.29
				14.08.2015	(5000)	Transfer	200000	1.26
				21.08.2015	(5000)	Transfer	195000	1.23
				28.08.2015	5163	Purchase	200163	1.26
				11.09.2015	9837	Purchase	210000	1.32
				08.01.2016	659	Purchase	210659	1.33
				15.01.2016	6341	Purchase	217000	1.37
				19.02.2016	5000	Purchase	222000	1.40
				26.02.2016	1000	Purchase	223000	1.40
9	Delhi Iron and Steel Co Pvt Ltd**	396243	2.50	01.04.2015				
				08.05.2015	50000	Purchase	446243	2.81
				22.05.2015	(25000)	Transfer	421243	2.65
				29.05.2015	(70000)	Transfer	351243	2.21
				05.06.2015	(351243)	Transfer	0	0.00

S. NO.	Name of the Share Holder	Shareholding		Increase / (Decrease) in Share Holding			Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2015	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
10	Premier Investment Fund Limited	80000	0.50	01.04.2015				
				08.05.2015	38658	Purchase	118658	0.75
				15.05.2015	27674	Purchase	146332	0.92
				22.05.2015	1556	Purchase	147888	0.93
				29.05.2015	10000	Purchase	157888	0.99
				19.06.2015	17176	Purchase	175064	1.10
				26.06.2015	35000	Purchase	210064	1.32
				30.06.2015	13418	Purchase	223482	1.41
				03.07.2015	21209	Purchase	244691	1.54
				10.07.2015	16618	Purchase	261309	1.65
				24.07.2015	76406	Purchase	337715	2.13
				31.07.2015	20000	Purchase	357715	2.25
				11.09.2015	6463	Purchase	364178	2.29
				25.12.2015	(94007)	Transfer	270171	1.70
				31.12.2015	(5993)	Transfer	264178	1.66
11	Hardik Bharat Patel**	94501	0.59	01.04.2015			93600	
				26.06.2015	(93600)	Transfer	721	0.00
12	Ajay Shivnarain Upadhyaya*			01.04.2015				
				07.08.2015	172837	Purchase	172837	1.09
				14.08.2015	107163	Purchase	280000	1.76
				28.08.2015	5000	Purchase	285000	1.79
				04.09.2015	15000	Purchase	300000	1.89
				18.09.2015	10168	Purchase	310168	1.95
				25.09.2015	4832	Purchase	315000	1.98
				20.11.2015	10000	Purchase	325000	2.05
				04.12.2015	2000	Purchase	327000	2.06
				11.12.2015	3000	Purchase	330000	2.08
				25.12.2015	(3000)	Transfer	327000	2.06
				08.01.2016	70000	Purchase	397000	2.50
				12.02.2016	(26899)	Transfer	370101	2.33
				19.02.2016	(11308)	Transfer	358793	2.26
				04.03.2016	(1100)	Transfer	357693	2.25
				11.03.2016	(7693)	Transfer	350000	2.20
				25.03.2016	(2089)	Transfer	347911	2.19
				31.03.2016	(22911)	Transfer	325000	2.05



S. NO.	Name of the Share Holder	Shareholding		Increase / (Decrease) in Share Holding			Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2015	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
13	Deveshwari Negi*			22.05.2015	15800	Purchase	80100	0.50
				22.05.2015	(15800)	Transfer	64300	0.40
				19.06.2015	1000	Purchase	65300	0.41
				11.09.2015	1000	Purchase	66300	0.42
				20.11.2015	28000	Purchase	94300	0.59
				15.01.2016	20000	Purchase	114300	0.72
				22.01.2016	6000	Purchase	120300	0.76
				19.02.2016	6000	Purchase	126300	0.80
				26.02.2016	12000	Purchase	138300	0.87
				04.03.2016	9000	Purchase	147300	0.93
		31.03.2016			147300	0.93		
14	VLS Finance Ltd*			21.08.2015	28000	Purchase	28000	0.18
				28.08.2015	72000	Purchase	100000	0.63
				08.01.2016	(15000)	Transfer	85000	0.54
				31.03.2016	15000	Purchase	100000	0.63
15	Citadel Research And Solutions Limited*			05.02.2016	1568	Purchase	48781	0.31
				19.02.2016	16237	Purchase	65018	0.41
				31.03.2016	0		65018	0.41
16	Ashoke Kumar Majethia*	34000	0.21	01.04.2015				
				01.05.2015	3500	Purchase	37500	0.24
				08.05.2015	5500	Purchase	43000	0.27
				15.05.2015	8000	Purchase	51000	0.32
				22.05.2015	800	Purchase	51800	0.33
				29.05.2015	7200	Purchase	59000	0.37
				20.11.2015	800	Purchase	59800	0.38
				27.11.2015	200	Purchase	60000	0.38
				19.02.2016	1500	Purchase	61500	0.39
		31.03.2016			61500	0.39		

\* Not in the top ten shareholders as on 01.04.2015

\*\* Not in the top ten shareholders as on 31.03.2016

## v) Shareholding of Directors and Key Managerial Personnel:

S. NO.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
a)	<b>Director &amp; Chairman: B B Merchant</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
b)	<b>Director : P Abraham</b>				
	At the beginning of the year	450	-	450	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	450	-	450	-
c)	<b>Director : V Pattabhi</b>				
	At the beginning of the year	500	-	500	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	500	-	500	-
d)	<b>Director : Nagam Krishna Rao</b>				
	At the beginning of the year	63700	0.40	63700	0.40
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	63700	0.40	63700	0.40
e)	<b>Director : Gusti J Noria</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
f)	<b>Director : Srikar Reddy P</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
	Note : Share Holding of Dr. G Vivekanand Vice-Chairman is disclosed in point no. 4(ii) supra under promoter share holding.				



**Key Managerial Personnel:**

S. NO.	Shareholding of each Directors and each Key Managerial Personnel		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
g)	<b>Managing Director - Smt. G Saroja Vivekanand</b>					
	At the beginning of the year		193139	1.21	193139	1.21
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Date:19-06-2015 – Purchase (Increase)	1000	0.01	194139	1.22
	At the end of the year		194139	1.22	194139	1.22
h)	<b>Whole-time Director: G Vamsi Krishna</b>					
	At the beginning of the year		-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		-	-	-	-
	At the end of the year		-	-	-	-
i)	<b>Whole-time Director &amp; CFO : V Vallinath</b>					
	At the beginning of the year		-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		-	-	-	-
	At the end of the year		-	-	-	-
j)	<b>Whole-time Director : J P Rao</b>					
	At the beginning of the year		-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		-	-	-	-
	At the end of the year		-	-	-	-
k)	<b>Company Secretary : I Srinivas</b>					
	At the beginning of the year		-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		-	-	-	-
	At the end of the year		-	-	-	-

**V) INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	18219.99	11269.83	724.18	30214.00
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	67.75	67.75
<b>Total (i+ii+iii)</b>	<b>18219.99</b>	<b>11269.83</b>	<b>791.93</b>	<b>30281.75</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	47.19	4980.88	537.79	5391.81
* Reduction	(1374.00)	(2350.26)	(174.05)	(3724.26)
<b>Net Change</b>	<b>(1326.81)</b>	<b>2630.62</b>	<b>363.74</b>	<b>1667.55</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	16893.18	13900.45	1087.92	31881.55
ii) Interest due but not paid				
iii) Interest accrued but not due			105.14	105.14
<b>Total (i+ii+iii)</b>	<b>16893.18</b>	<b>13900.45</b>	<b>1193.06</b>	<b>31986.69</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A.1. Remuneration to Directors other than Key Managerial Personnel:**

SNO	Particulars of Remuneration	Directors							Total Amount
		B B Merchant	Dr. G. Vivekanand	Nagam Krishna Rao	V Pattabhi	Gusti Noria	P Abraham	Srikar Reddy P	
		Chairman	Vice Chairman	Director	Director	Director	Director	Director	
1	Commission - as % of profit - others	7,27,500	7,27,500	7,27,500	7,27,500	7,27,500	7,27,500	7,27,500	50,92,500
2	Others – Sitting Fees paid for attending Board and Committee Meetings	40,000	30,000	15,000	60,000	65,000	30,000	20,000	2,60,000
	<b>Total (1+2)</b>	<b>7,67,500</b>	<b>7,57,500</b>	<b>7,42,500</b>	<b>7,87,500</b>	<b>7,92,500</b>	<b>7,57,500</b>	<b>7,47,500</b>	<b>53,52,500</b>
	Ceiling as per the Act	Rs. 50.93 Lakhs (being the 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013). Further in terms of provisions of sub section 2 of Section 198 read with sub section 5 of the said section, sitting fees is excluded from the afore stated ceiling of 1% remuneration.							



## A.2. Remuneration to Key Managerial Personnel:

SNO	Particulars of Remuneration	Name of the Key Managerial Personnel					Total Amount
		G Saroja Vivekanand	G Vamsi Krishna	V Vallinath	J. P. Rao	I Srinivas	
		MD	WTD	WTD & CFO	WTD	Asst. VP & CS	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64,80,000	27,00,000	49,68,210	40,10,197	18,09,348	1,99,67,755
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22,37,645	8,32,261	12,22,712	9,69,069	3,24,684	55,86,371
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others	1,67,00,000 - -	- - -	- - -	- - -	- - -	- - -
5	Others	-	-	-	-	-	-
	Total (A)	2,54,17,645	35,32,261	61,90,922	49,79,266	21,34,032	4,22,54,126
	Ceiling as per the Act	Rs. 509.32 Lakhs (being the 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013).					

(WTD: Whole-time Director)

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

ANNEXURE - 5

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto:	
1. Details of contracts or arrangements or transactions not at arm's length basis:	
(a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) date(s) of approval by the Board (g) Amount paid as advances, if any (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	}          Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:	
(a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any: (e) Date(s) of approval by the Board, if any: (f) Amount paid as advances, if any:	}      * Please refer the note given below

\*NOTE: The details of names, nature of relationship and nature of such contracts / arrangements / transactions are disclosed in Note No.28 of the Financial Statements.

Transactions like payment of remuneration, commission and Dividend are as per the terms approved by the shareholders. Acceptance of the public deposits was done in pursuance of issue of advertisement inviting public deposits under the provisions of Schedule V of the Companies Act, 2013; terms of which are having equal and universal application to all the deposit holders. Majority of transactions relating to intercorporate deposits and interest thereon were made in pursuance of approvals obtained under old Companies Act, 1956 and others are only squaring up of transactions. Unsecured loan was taken for meeting the short term fund requirements of the Company, interest rate of which is less than the rate applicable to public deposits. Advances given are as per the general terms applicable to all employees of the Company. Transaction relating to contribution to CSR activities was made in compliance with the requirements of the Section 135 of the Companies Act, 2013 after due approvals. Please refer CSR section in Board's report for more details in this regard.



## ANNEXURE - 6

### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

#### A. Conservation of energy:

- i. Steps taken for conservation of energy
  - Better layouts at the time of project implementation to simplify the operations;
  - Right sizing of Drives;
  - Selection of the energy efficient drives;
  - Automatic Power Factor Controllers (APFC) to maintain Power Factor Closer to unity in order to bring down the energy bills;
  - High efficiency equipments for handling Vacuum, Process Water, Compressed air and hydraulic equipments;
  - Variable Frequency Drives for optimum utilisation;
  - Energy Audits
- ii. Steps taken by the company for utilising alternate sources of energy and investment made thereon:  
Company has been utilising the Solar Power generated from its 2.5 MW Captive Solar Plant setup at Miryalguda with a capacity of 42 Lac units per annum.

#### B. Technology absorption:

- i. Efforts made towards technology absorption and the benefits derived therefrom:

The Company is continuously endeavouring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies and productivity.

- ii. Particulars of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): None
- iii. EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

##### a. Expenditure on R&D:

No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

- b. Specific areas in which R&D carried out by the Company:

**Asbestos Division:** In respect of the Asbestos Division, the Company has been experimenting various substitutes both for cement and fibre and has also been varying the ratio of raw materials for improving quality

and reducing cost.

**Spinning Division:** In respect of the Spinning Division, we have tried various new counts and combination of blends and have been successful in making certain new blends and new products. We have increased the speeds of the machines while maintaining the quality.

- c. Benefits derived as a result of the above R&D:

**Asbestos Division:** In respect of the Asbestos Division, we have achieved reduction in cost and increase in productivity because of this experiment.

**Spinning Division:** In respect of the Spinning Division, the new blends have helped us to improve our presence in the domestic and export markets. The Productivity and Quality could be increased leading to better profitability.

- d. Future course of action:

**Asbestos Division:** In respect of the Asbestos Division, use of substitute fibers is being continuously experimented.

**Spinning Division:** In respect of the Spinning Division, we are continuously experimenting with new blends and shades and higher speeds.

#### C. FOREIGN EXCHANGE EARNINGS / OUTGO:

The details of foreign exchange earnings / outgo during the year 2015 - 2016 are as follows:

**Total foreign exchange used and earned:** (₹ in lakhs)

	31.03.2016	31.03.2015
<b>Earnings in Foreign Currency</b>		
Export of Goods (FOB Value)	8013.16	7192.95
<b>CIF value of Imports</b>		
Raw Materials	23716.79	29281.97
Components and Spare Parts	332.56	403.17

**Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services and export plans:**

Your management has been continuously developing new varieties of yarn to meet the requirement of the export market so that, we can increase the export. We are continuously exploring new markets, in various countries and hence making the market broad based.

Your Company had taken initiatives to export V – Boards and have already met with fair amount of success.

## ANNEXURE 7

## STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Employed throughout the Financial Year 2015-16									
Sl. No	Name and Qualifications	Age in years	Designation	Remuneration Received (₹ Lakhs)	Experience	Date of Commencement of Employment	Last Employment (Position held)	% of Equity Shares	Relative of any director along-with names of such directors
1	Smt. G. Saroja Vivekanand, B.A.	51	Managing Director	254.18	12 years	24.06.2009	Director of Visaka Industries Limited	1.22%	Smt. Saroja Vivekanand is spouse of Dr.G. Vivekanand and mother of Shri. G. Vamsi Krishna
2	Shri. V. Vallinath B.Com., ACA, ACMA	59	Whole-time Director & CFO	61.91	35 years	04.05.1988	AP State Film Development Corporation	Nil	N.A

**Nature of Employment:** The appointments of Managing Director and Whole-time Director are made as per the provisions of the Companies Act, 2013 and are approved by the shareholders in 32nd Annual General Meeting of the Company held on 25th July, 2014 for five years upto 23.10.2019 and in 33rd Annual General Meeting of the Company held on 25th July, 2015 for 3 years upto 08.09.2017 respectively.



## ANNEXURE 8

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of managerial personnel) Rules, 2014.

(i) The percentage increase in remuneration of each Director, other key managerial personnel (KMP), Ratio of the remuneration of each director to the median remuneration of the employees of the company and the comparison of the remuneration of each KMP against the performance of the Company during the financial year 2015-16 are as under					
	Director's / KMPs / Manager's Name	Remuneration of Director/KMP for financial year 2015-16 (in Lacs)	% increase in Remuneration in the Financial Year 2015 – 16	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1	Shri. Bhagirat. B.Merchant Non Executive Chairman	7.27	21.17	4.23	
2	Shri. P. Srikar Reddy Non Executive Director	7.27	21.17	4.23	
3	Shri. Nagam Krishna Rao Non Executive Director	7.27	21.17	4.23	
4	Shri. Gusti J Noria Non Executive Director	7.27	21.17	4.23	
5	Shri. V. Pattabhi Non Executive Director	7.27	21.17	4.23	
6	Shri. P. Abraham Non Executive Director	7.27	21.17	4.23	
7	Dr. G. Vivekanand Vice Chairman	7.27	21.17	4.23	
8	Smt. G. Saroja Vivekanand Managing Director	254.18	29.75	147.95	Profit before Tax increased by 21.57% and Profit After Tax, increased by 15.06% in Financial year 2015-16
9	Shri. G Vamsi Krishna* Whole-time Director	35.32	-	20.29	
10	Shri. V Vallinath Whole-time Director & C.F.O.	61.91	8.00	36.98	
11	Shri. J.P.Rao <sup>§</sup> Whole-time Director	49.79	9.52	33.12	
12	Shri. I. Srinivas Company Secretary	21.34	13.87	-	
	<b>TOTAL REMUNERATION OF KMPs (S.Nos. 8 to 12 above)</b>	<b>422.54</b>	<b>-</b>	<b>-</b>	

\*has foregone the increment for the Financial year 2015-16

§has been appointed as Whole-time Director effective from May 7,2015

(ii)	Percentage increase in the median remuneration of employees in the financial year 2015-16 compared to 2014-15	10.42
(iii)	Number of permanent employees on the rolls of the company:	
	As on 31.03.2016	As on 31.03.2015
	1797	1819
(iv)	Explanation on the relationship between average increase in remuneration and the company performance	The average increase in the overall remuneration of the Company is 15.54% as against the increase of 21.57% in Profit Before Tax and 15.06% in Profit After Tax.
(v)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The increase in KMPs remuneration for the year was 20.60% as against the increase of 21.57% in Profit Before Tax and 15.06% in Profit After Tax. Remuneration paid to KMPs includes commission paid to Managing Director based on the profits of the Company.
(vi)	Average percentile increase in salaries of Employees other than managerial Personnel	15.19
	Percentile increase in the managerial remuneration	20.99
	Comparison of above	Part of the managerial remuneration paid includes commission paid to Managing Director, which is variable and dependent upon the net profits of the Company. The percentile increase in managerial remuneration is accordingly more during the year, due to increase in the net profits of the company.
(vii)	Key parameter for any variable component of remuneration availed by the Directors	The Managing Director of the Company is eligible for commission besides salary, however in aggregate not exceeding 5% of the profits of the Company as calculated under section 198 of the Companies Act 2013.
(viii)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year	Not applicable



# Corporate Governance

## Report for the year 2015-16

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### 1. A brief statement on company's philosophy on code of governance.

Visaka Industries Limited (herein after "Company") believes that good corporate governance is one of the vital tools, in directing and controlling the affairs of the Company in an efficient manner and helps in achieving the ultimate goal of maximizing value of Company's stakeholders in a sustained manner. Company's governance frame work recognizes Transparency, Integrity, Honesty and Accountability as core values, and the management believes that practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

The Company's Governance code is available on the Company's website [www.visaka.in](http://www.visaka.in) for general information. However, it is to be recognized that Corporate Governance is not just a destination but a constant journey to consolidate and enhance sustainable value creation to the Company, by adhering to afore-stated core values.

### 2. Board of Directors:

i) The Board of Visaka Industries Limited consists of eminent persons with optimum balance of Executive Directors, Non-Executive Directors and Independent Directors, having professional expertise from different fields such as technical, business strategy and management, marketing, medicine, finance, Governance and civil administration and thus meets the requirements of the Board diversity. The Chairman

is non-executive Independent Director and the Board consists of sufficient number of Independent Directors as stipulated under Companies Act, 2013 and listing agreement/SEBI (LODR) Regulations, 2015.

- ii) As regards the appointment of new Directors on the Board, the Nomination and Remuneration Committee of the Board after considering the qualifications, positive attributes and independence as per the criteria laid-down in that behalf, makes its recommendation to the Board for its consideration.
- iii) The Board, inter-alia, provides leadership, strategic guidance, objective and independent view / judgment to the Company's management. The Board meets at regular intervals for planning, assessing and evaluating all important business.
- iv) The Board members would get updated on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.
- v) None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in clause 49/SEBI (LODR) Regulations, 2015, across all the Companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.
- vi) The details of the Board of Directors of the Company as on March 31, 2016 were as under:

Name of the Director Designation / Category	No. of Board Meetings attended during 2015-16	Whether attended AGM held on 25.07.2015	Number of Directorships held in other Public limited companies	Number of Board Committee memberships held in other companies	Number of Chairmanships of Board Committees held in other companies
Shri. Bhagirat B. Merchant Non –Executive Independent Director Chairman	3	No	Nil	Nil	Nil
Dr. G. Vivekanand Non – Executive Non–Independent Director Vice Chairman	5	Yes	2	Nil	Nil
Smt. G. Saroja Vivekanand Managing Director	5	Yes	1	Nil	Nil
Shri Nagam Krishna Rao Non – Executive Non-Independent Director	3	Yes	Nil	Nil	Nil
Shri. Gusti J Noria Non – Executive Independent Director	5	Yes	Nil	Nil	Nil
Shri V. Pattabhi Non – Executive Independent Director	5	Yes	2	1	1
Shri. P. Abraham Non – Executive Independent Director	5	Yes	3	2	1
Shri P. Srikar Reddy Non-Executive Independent Director	3	Yes	2	2	Nil
Shri G. Vamsi Krishna Whole-time Director	5	Yes	Nil	Nil	Nil
Shri V. Vallinath Whole-time Director & CFO	5	Yes	Nil	Nil	Nil
Shri J. P. Rao* Whole-time Director	4	Yes	Nil	Nil	Nil

\* Has been appointed as Whole-time Director effective from 07.05.2015



- vii) As per the information available with the Company, except Dr. G. Vivekanand, Smt.G.Saroja Vivekanand and Shri. G.Vamsi Krishna, none of the Directors are related interse.
- viii) None of the non-Executive Independent Directors have any material pecuniary relationship or transaction with the Company.
- ix) 5 Board Meetings were held during the year ended March 31, 2016 and the gap between any two meetings did not exceed four months. The said Board meetings were held on May 07, 2015; July 25, 2015; November 14, 2015 February 4, 2016 and March 11, 2016 respectively. The Board meetings are usually held at the corporate office of the Company.
- x) Necessary information as mentioned in Annexure X to clause 49 of the listing agreement/Schedule II of SEBI (LODR) Regulations, 2015 has been placed before the Board for their consideration.
- xi) The Company's Independent Directors meet at least once in every financial year without presence of Executive and non-independent directors or management personnel, to discuss informally, matters pertaining to Company affairs and put forth their views to the Chairman of the Board. During the financial year 2015-2016; Independent Directors met on February 4, 2016.

### 3. Audit Committee:

- i. The terms of reference of the Audit Committee cover the matters specified for Audit Committees under SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.
- ii. The Chairman is a fellow member of the Institute of Chartered Accountants of India. All of the members of the committee are financially literate. Accordingly, the Composition of the Audit Committee is in conformity with Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015
- iii. 4 Audit Committee Meetings were held during the year ended March 31, 2016 and the gap between any two meetings did not exceed four months. The dates of the said Audit Committee Meetings held are 07.05.2015, 25.07.2015, 14.11.2015 and 04.02.2016 respectively. The necessary quorum was present at all meetings.
- iv. The Audit Committee meetings are usually held at the

corporate office of the Company and are attended by Shri.V.Vallinath, Whole-time Director and Chief Financial Officer of the Company. Auditors are invitees to the meeting. The Company Secretary acts as the Secretary of the Audit Committee.

- v. The last Annual General Meeting of the Company was held on July 25, 2015 and the Chairman of the Audit Committee, could not attend the meeting due to health reasons.
- vi. The composition of the Audit Committee as on March 31, 2016 and particulars of meetings attended by the members are as follows:

Name	No. of Meetings during the year 2015-16	
	Held	Attended
Shri Bhagirat B. Merchant	4	3
Shri V.Pattabhi	4	4
Shri Gusti J Noria	4	4
Smt.G.Saroja Vivekanand	4	4

### 4. Nomination and Remuneration Committee:

- i. The Nomination and Remuneration Committee of the Company consists of three directors, all of whom are independent Directors. Shri. Gusti J. Noria is the Chairman of the Committee and thus the constitution of the Committee satisfies the requirements of Section 178 of the Act, read with SEBI (LODR) Regulations, 2015.
- ii. The terms of reference of the Committee cover all the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015
- iii. The Committee during the financial year 2015 – 16, met two times and the dates of the said meetings are 07.05.2015 and 01.09.2015.
- iv. The Composition of the Remuneration Committee and details of meetings attended by the Directors are given below.

Name	No. of Meetings during the year 2015-16	
	Held	Attended
Shri Gusti J Noria	2	2
Shri V.Pattabhi	2	2
Shri Bhagirath B Merchant	2	1

vi. Share holdings of the Directors in the Company as on March 31, 2016:

Name	No. of Shares of ₹10/- each
Dr G Vivekanand	5768116
Smt. G. Saroja Vivekanand	194139
Nagam Krishna Rao	63700
V Pattabhi	500
P Abraham	450

vii. The details of Remuneration paid to Directors during the year 2015-16 are given below:

Amount in Rupees						
Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Shri. Bhagirat B. Merchant	Chairman	Nil	Nil	7,27,500	40,000	7,67,500
Dr. G. Vivekanand	Vice – Chairman	Nil	Nil	7,27,500	30,000	7,57,500
Smt. G. Saroja Vivekanand	Managing Director	64,80,000	22,37,645	1,67,00,000	Nil	2,54,17,645
Shri. Nagam Krishna Rao	Director	Nil	Nil	7,27,500	15000	7,42,500
Shri. Gusti J. Noria	Director	Nil	Nil	7,27,500	65,000	7,92,500
Shri. V. Pattabhi	Director	Nil	Nil	7,27,500	60,000	7,87,500
Shri. P. Abraham	Director	Nil	Nil	7,27,500	30,000	7,57,500
Shri P.Srikar Reddy	Director	Nil	Nil	7,27,500	20,000	7,47,500
Shri V Vallinath	Whole-time Director	49,68,210	12,22,712	Nil	Nil	61,90,922
Shri G.Vamsi Krishna	Whole-time Director	27,00,000	8,32,261	Nil	Nil	35,32,261
Shri J.P.Rao	Whole-time Director	40,10,197	9,69,069	Nil	Nil	49,79,266

vii. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employees as well as his expertise in critical areas of operations of the Company.

The Company's Remuneration Policy as applicable to Directors, KMPs and other Senior management personnel of the Company forming part of document setting out criteria of identification, appointment, remuneration, evaluation of performance directors is annexed as Annexure – 3 to the Board's Report.

#### 5. Stakeholders' Relationship Committee:

i. The Committee inter-alia approves issue of duplicate share certificates and oversees and reviews all matters

connected with the securities transfer, transmission, nomination, dematerialization and rematerialisation. The Committee also looks into redressing of shareholder's complaints relating to transfer of shares, loss of share certificates, non-receipt of notices/annual reports and non-receipt of declared dividends etc.

ii. The Committee consists of three directors and Shri. V. Pattabhi is the Chairman of the Committee and thus the constitution of the Committee is in compliance with section 178 of the Act read with SEBI (LODR) Regulations, 2015.

iii. During the financial year ended March 31, 2016 the Committee met Eleven times and the necessary quorum was present at all meetings.

iv. Company Secretary is the Compliance Officer.

v. Details of complaints received and redressed:

Opening Balance as on 01.04.2015	Received during the period 01.04.2015 to 31.03.2016	Resolved during the period 01.04.2015 to 31.03.2016	Closing Balance as on 31.03.2016
Nil	28	28	Nil



## 6. General Body Meetings:

- i. The particulars of day, date, time, venue and special resolutions passed if any of last three annual general meetings of the Company are given below:

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2014-15	33rd AGM	Saturday 25.07.2015 11.00 A.M	<b>Regd. Office:</b> Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300	Yes
2013-14	32nd AGM	Friday 25.07.2014 11.00 A.M	<b>Regd. Office:</b> Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300	No.
2012-13	31st AGM	Saturday 29.06.2013 11.00 A.M	<b>Regd. Office:</b> Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300	No.

- ii. The Company during the financial year ended March 31, 2016 has passed a special resolutions through Postal Ballot amending the clause 130(e) of the Articles of Association of the Company as per Section 14 and other applicable provisions of the Companies Act, 2013 effective from 07.05.2015.
- ii. While conducting the aforesaid Postal Ballot the company has complied with the provisions of Section 110 of the Companies Act, 2013 read with rule 22 of the Companies (Management and Administration) Rules, 2014
- iii. The Scrutinizers, M/s. Ramana Kumar & Associates, Chartered Accountant have conducted the postal ballot process.
- v. The details of voting pattern of aforesaid Postal Ballot are as follows:

S. No.	Name of Resolution	Type of Resolution	% total Votes cast		Final Remarks by the scrutinizer	Result
			for	against		
1	Amending the Article 130(e) of the Articles of Association of the Company as per Section 14 of the Companies Act, 2013.	Special	99.99	0.01	In brief total votes polled for Special Resolution is 99.90% and total votes polled against special resolution is 0.10%	Passed with requisite majority

## 7. Disclosures:

- i. During the financial year ended March 31, 2016 there are no materially significant related party transactions, which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in Note No.28 of the Financial Statements of the

- company for the financial year ended March 31, 2016. These transactions were entered at an arm's length basis and in the ordinary course of business.
- ii. There were no cases of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets,

during the last three years ended March 31, 2016.

iii. Vigil Mechanism (Whistle Blower Policy):

The Company has a Vigil mechanism (Whistle blower policy) in place enabling the employees or other connected persons having interest in any transactions with the company are free to report of any unethical or improper practices noticed in the organization. The Policy also provides the procedure of making such representation and dealing with the said representation and also provides protection from victimization. During the year under review, no employee was denied access to the Audit committee in this behalf.

iv. The Company is in compliance with all the mandatory requirements and has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to Clause 49 of the Listing Agreement/SEBI (LODR) Regulations, 2015:

a. Audit qualifications: There were no qualifications by the statutory auditors on the financial statements for the year ended March, 31, 2016.

b. Separate post of Chairman and CEO: The Company has appointed the Chairman and Managing Director Separately.

c. Reporting of Internal Auditor: Internal auditors report to the Audit Committee.

v. Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: [www.visaka.in](http://www.visaka.in).

**Declaration as required under Clause 49 of the Listing Agreement/SEBI (LODR) Regulations, 2015:**

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2016.

May 10, 2016  
Secunderabad

**Smt. G. Saroja Vivekanand**  
Managing Director

vi. CEO & CFO certificate: The Managing Director and Chief Financial Officer have given a Certificate as contemplated in SEBI (LODR) Regulations, 2015.

vii. Share Capital Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. Means of Communication:**

Quarterly results of the Company are published in Business Standard or Economic Times or Financial Express (English edition) and Namaste Telangana / Nava Telangana (Regional edition) newspapers respectively. Annual results of the Company are displayed on the Company's website – "[www.visaka.in](http://www.visaka.in)". The website also displays information about the Company and its products. The Management Discussion and Analysis Report forms part of the Directors Report.



### I. General Shareholder information:

1. Annual General Meeting	
Date	July 26, 2016
Time	11.30 A.M.
Venue	Survey No.315,Yelulmala Village, R.C.Puram Mandal, Medak District – 502 300.
2. Financial Calendar	
Year ending	March 31, 2016
AGM	July 26, 2016
3. Date of Book Closure	20.07.2016 to 26.07.2016 (Both days inclusive)
4. Listing on Stock Exchanges	National Stock Exchange of India Ltd and Bombay Stock Exchange Limited (The Company has paid the listing fee for 2016-17 to the BSE and NSE)
5. Stock Code / Symbol on NSE / BSE Respectively	VISAKAIND / 509055
6. International Securities Identification Number (ISIN) allotted to the Company's Shares	INE392A01013.

7. **Market Price Data:** High, Low (Based on the closing prices) prices of Visaka scrip during each month in the financial year ended March 31, 2016 on the Bombay Stock Exchange Limited, Mumbai. Details of monthly market Price as per Stock Exchanges data for the Financial Year Ended on March 31, 2016 are, as follows.

S. No	Month	Price	
		High	Low
1	April-15	117	92
2	May-15	123	111
3	June-15	130	104
4	July-15	161	125
5	August-15	189	135
6	September-15	154	114
7	October-15	156	130
8	November-15	137	115
9	December-15	134	121
10	January-16	128	99
11	February-16	112	89
12	March-16	114	95

## 8. Performance of share price of the Company in comparison to BSE Sensex:

Month	Visaka's Closing Price (₹)	BSE Sensex Closing
April-15	113	27011
May-15	116	27828
June-15	126	27781
July-15	156	27705
August-15	153	26283
September-15	129	26155
October-15	132	26657
November-15	122	26146
December-15	123	26118
January-16	109	24871
February-16	94	23002
March-16	106	25342

(Source: The information is compiled from the data available from the BSE website)

## 9. Registrar and Transfer Agents:

M/s Karvy Computershare Private Limited  
 Karvy Selenium Tower B Plot No. 31-32  
 Gachibowli, Financial District, Nanakramguda  
 Serilingampally, Hyderabad 500032, Telangana  
 Tel:040-67161606/67162222  
 Fax: 040-23001153  
 E-mail: einward.ris@karvy.com  
 Website: www.karvy.com  
 Toll Free No: 1-800-3454001

10. **Share Transfer System:** The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

## 11. Shareholding (as on March 31, 2016):

## a) Distribution of shareholding

No. of shares	No. of shareholders	% of shareholders	Total Shares	% of Holding
1-500	15192	88.25%	2051193	12.92%
501- 1000	1084	6.30%	881762	5.55%
1001- 2000	483	2.80%	734802	4.63%
2001- 3000	156	0.91%	397976	2.51%
3001- 4000	82	0.48%	296805	1.87%
4001- 5000	64	0.37%	300762	1.89%
5001- 10000	79	0.46%	568030	3.58%
10001 & Above	73	0.43%	10649622	67.05%
<b>TOTAL</b>	<b>17213</b>	<b>100.00%</b>	<b>15880952</b>	<b>100.00%</b>



b) Shareholding pattern as on March 31, 2016

Category	No. of shareholders	No. of shares	% of Holding
Promoters	2	5962255	37.54%
Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-Government Institutions)	10	75127	0.47%
Private Corporate Bodies	400	2886934	18.18%
Indian Public	16547	6248221	39.34%
Foreign Institutional Investors	3	520589	3.28%
NRIs / OCBs	208	164562	1.04%
Clearing Members	38	17159	0.11%
Trusts	5	6105	0.04%
<b>TOTAL</b>	<b>17213</b>	<b>15880952</b>	<b>100.00%</b>

12. Dematerialization of shares and liquidity:

96.85% of the paid up share capital of the Company has been dematerialized as on March 31, 2016.

13. The company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments as on March 31, 2016

14. Manufacturing facility : Plant Locations are given at page no 100 of this Annual Report

15. Address for Correspondence/registering investor grievances : Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., and related grievances may be addressed to Karvy Computershare Private Limited, (Karvy) Unit: Visaka Industries Limited.

The Company Secretary  
Visaka Industries Limited  
Visaka Towers, 1-8-303/69/3  
S.P. Road, Secunderabad.  
Pin: 500 003.  
Email: investorrelations.vil@visaka.in  
Tel Nos: 091 - 040 – 27813833, 27813835 / 27892190 To 92  
Fax Nos: 091 - 040 – 27813837

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To know more about the Company, you are welcome to visit us at: [www.visaka.in](http://www.visaka.in)

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Visaka Industries Limited

We have examined the compliance of conditions of Corporate Governance by Visaka Industries limited ('the Company') for the year ended 31st March, 2016 as stipulated in Clause 49 of the listing Agreement ('Listing Agreement') of the Company with stock exchanges and SEBI (LODR) Regulations, 2015 for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance, it is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / listing Regulations as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. Anandam& Co.**,  
*Chartered Accountants*  
(Firm Regn. No. 0001255)

Place: Secunderabad

Date: 10th May, 2016

**A. V. Sadasiva**  
*Partner*  
(M. No. 018404)



# Financial Section

## Independent Auditors' Report

To  
The Members of  
Visaka Industries Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Visaka Industries limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit

evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss,



and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and

according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M.Anandam & Co.**  
*Chartered Accountants*  
(Firm's Registration No. 000125S)

A.V.Sadasiva  
Partner  
M.No.018404

Place: Secunderabad  
Date: 10th May, 2016

## Annexure - A to the Auditors' Report

The Annexure referred to in our report to the members of the Company for the year ended on 31st March, 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans, investments, guarantees and securities made.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, in respect of deposits accepted. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed under sub-section (1) of

section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no

arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of income tax, sales tax, valued added tax, wealth tax, service tax, customs duty, excise duty or cess as at 31st March, 2016 which have not been deposited on account of any dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	9.72	2009-10	CIT (Appeals), Hyderabad
Central Excise Act, 1944	Excise Duty	873.85	2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Penalty	1323.85	2003-04 & 2004-05	CESTAT, Chennai
Customs, Central Excise & Service Tax Drawback Rules, 1995	Duty Draw Back	152.10	July 2009 to March 2011	Joint Secretary, Revisionary Authority, New Delhi.
Central Sales Tax Act, 1956	Central Sales Tax	9.02	2008-09	Telangana VAT Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	7.92	2008-09	Commercial Taxes Tribunal, Lucknow
Central Sales Tax Act, 1956	Central Sales Tax	0.54	October 2009 to March, 2011	Additional Commissioner of Sales Tax, Bhubaneswar
Central Sales Tax Act, 1956	Central Sales Tax/ Penalty	3.21	2012-13 & 2013-14	Additional Commissioner of Sales Tax, Bhubaneswar
West Bengal VAT Act, 2003	Value Added Tax	137.20	2011-12	Joint Commissioner of Commercial Taxes, Midnapur
Bihar VAT Act, 2005	VAT/Interest	3.77	2005-06	Joint Commissioner (Appeals), Patna
Orissa VAT Act, 2004	VAT/Penalty	10.97	October 2009 to March 2011	Orissa Sales Tax tribunal, Bhubaneswar
Karala VAT Act, 2003	VAT/Interest	2.29	2015-16	Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam
Karala VAT Act, 2003	VAT/Interest	0.83	2009-10	Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam
Karala VAT Act, 2003	VAT/Interest	0.85	2010-11	Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam
Jharkhand VAT Act, 2005	VAT/Penalty	20.38	2010-11	Commissioner of Commercial Taxes, Ranchi.



Name of the Statute	Nature of the Dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Orissa Entry Tax Act 1999	Entry Tax/Penalty	10.38	October 2009 to March 2011	Orissa Sales Tax Tribunal, Bhubaneswar
Orissa Entry Tax Act 1999	Entry Tax/Penalty	3.33	2012-13 & 2013-2014	Additional Commissioner of Sales Tax, Bhubaneswar

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks and Governments.
- (ix) The Company did not raise any money by way of initial public offer or further public offer during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained other than amounts temporarily invested pending utilization of the funds for the intended use.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the

Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M.Anandam & Co.**  
*Chartered Accountants*  
(Firm's Registration No. 000125S)

A.V.Sadasiva

Partner

M.No.018404

Place: Secunderabad

Date: 10th May, 2016

## Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Visaka Industries Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing

and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and

maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M.Anandam & Co.**  
*Chartered Accountants*  
(Firm's Registration No. 000125S)

A.V.Sadasiva

Partner

M.No.018404

Place: Secunderabad

Date: 10th May, 2016



## Balance Sheet as at 31st March, 2016

(₹ Lacs)

Particulars	Note	31st March, 2016	31st March, 2015
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	2	1,592.07	1,592.07
(b) Reserves and surplus	3	33,114.10	31,626.27
		<b>34,706.17</b>	<b>33,218.34</b>
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	4	5,366.88	6,697.80
(b) Deferred tax liabilities (net)	5	2,222.60	2,582.82
(c) Other Long-term liabilities	6	3,191.71	2,658.54
		<b>10,781.19</b>	<b>11,939.16</b>
<b>Current Liabilities</b>			
(a) Short-term borrowings	7	24,578.50	21,900.70
(b) Trade payables	8	6,248.49	5,872.57
(c) Other current liabilities	9	4,936.51	4,921.82
(d) Short-term provisions	10	521.33	1,169.77
		<b>36,284.83</b>	<b>33,864.86</b>
<b>TOTAL</b>		<b>81,772.19</b>	<b>79,022.36</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	11	29,401.12	31,133.40
(ii) Intangible assets	11	9.27	75.89
(iii) Capital work-in-progress		409.16	47.24
		<b>29,819.55</b>	<b>31,256.53</b>
(b) Non-current investments	12	1,009.34	1,457.86
(c) Long term loans and advances	13	2,602.90	1,929.62
		<b>3,612.24</b>	<b>3,387.48</b>
<b>Current assets</b>			
(a) Inventories	14	23,203.72	25,012.67
(b) Trade receivables	15	14,699.03	12,889.60
(c) Cash and Bank balances	16	7,501.83	2,807.58
(d) Short-term loans and advances	17	2,935.82	3,668.50
		<b>48,340.40</b>	<b>44,378.35</b>
<b>TOTAL</b>		<b>81,772.19</b>	<b>79,022.36</b>
Significant Accounting Policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For **M. Anandam & Co.,**  
Chartered Accountants

**Bhagirat B. Merchant**  
Chairman

For and on behalf of the Board of Directors

**Dr. G. Vivekanand**  
Vice-Chairman

**Smt. G. Saroja Vivekanand**  
Managing Director

**A. V. Sadasiva**  
Partner  
Membership No. 18404

**Gusti J Noria**  
**V. Pattabhi**  
**P. Abraham**  
**P. Srikar Reddy**  
Directors

**G. Vamsi Krishna**  
Whole-time Director  
**V. Vallinath**  
Whole-time Director &  
Chief Financial Officer

**J. P. Rao**  
Whole-time Director  
**I. Srinivas**  
Company Secretary &  
AVP (Corporate Affairs)

Place: Secunderabad  
Date: 10th May, 2016

## Statement of Profit and Loss for the year ended 31st March, 2016

(₹ Lacs)

Particulars	Note	31st March, 2016	31st March, 2015
I. Revenue from operations	18	1,00,485.28	1,02,113.22
II. Other Income	19	272.65	242.01
<b>III. Total Revenue (I + II)</b>		<b>1,00,757.93</b>	<b>1,02,355.23</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	55,693.69	60,488.49
Purchase of Stock-in-trade		82.60	108.08
Changes in inventories	21	1,381.00	(2,846.18)
Employee benefits expense	22	6,796.50	5,934.76
Finance cost	23	2,128.77	2,202.65
Other expenses	24	27,007.74	28,837.40
Depreciation and amortization expense	11	3,630.46	4,309.06
<b>Total Expenses</b>		<b>96,720.76</b>	<b>99,034.26</b>
<b>V. Profit before tax (III - IV)</b>		<b>4,037.17</b>	<b>3,320.97</b>
<b>VI. Tax expense:</b>			
(1) Current tax		1,953.86	955.82
(2) Deferred tax		(360.22)	241.54
<b>VII. Profit for the year (V-VI)</b>		<b>2,443.53</b>	<b>2,123.61</b>
<b>VIII. Earning per equity share:</b>	<b>26</b>		
(1) Basic		15.39	13.37
(2) Diluted		15.39	13.37
<b>Significant Accounting Policies</b>	<b>1</b>		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For **M. Anandam & Co.,**  
Chartered Accountants

**A. V. Sadasiva**  
Partner  
Membership No. 18404

Place: Secunderabad  
Date: 10th May, 2016

**Bhagirat B. Merchant**  
Chairman

**Gusti J Noria**  
**V. Pattabhi**  
**P. Abraham**  
**P. Srikar Reddy**  
Directors

For and on behalf of the Board of Directors

**Dr. G. Vivekanand**  
Vice-Chairman

**G. Vamsi Krishna**  
Whole-time Director

**V. Vallinath**  
Whole-time Director &  
Chief Financial Officer

**Smt. G. Saroja Vivekanand**  
Managing Director

**J. P. Rao**  
Whole-time Director

**I. Srinivas**  
Company Secretary &  
AVP (Corporate Affairs)



## Cash Flow Statement for the year ended 31st March 2016

(₹ Lacs)

	31st March, 2016		31st March, 2015	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax and extra-ordinary items		4,037.17		3320.97
<b>Adjustments for:</b>				
Depreciation and Amortisation	3630.46		4309.06	
Loss on Sale of Fixed Assets	4.99		54.62	
Fixed Assets Written Off	–		0.59	
Wealth tax	7.00		–	
Provision for Diminution in the value of Investment	450.00		–	
<b>Finance cost</b>	2128.77	6221.22	2202.65	6566.92
Operating Profit before working capital changes		10258.39		9887.89
Working Capital Changes:				
(Increase) / Decrease in Trade and Other Receivables	(941.12)		(4251.08)	
<b>(Increase) / Decrease in Inventories</b>	1808.95		(6258.96)	
Increase / (Decrease) in Trade & Other Payables	32.44	900.27	1850.07	(8659.97)
Cash Generated from Operations		11158.66		1227.92
Direct Taxes paid		(2233.69)		(472.41)
<b>Net Cash from Operating Activities</b>		<b>8924.97</b>		<b>755.51</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including Capital Work In Progress)	(2869.37)		(2209.77)	
Proceeds on sale /Adjustments to Fixed Assets	31.45		28.70	
Investments/Advances towards Share Capital	(1.48)		49.51	
<b>Net Cash from Investing Activities</b>		<b>(2839.40)</b>		<b>(2131.56)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Long Term borrowings	–		809.99	
Repayment of Term Loans	(1374.00)		(1374.00)	
Increase / (Decrease) in Short Term borrowings	2529.30		4218.57	
Increase / (Decrease) in Other Secured & Unsecured Loans	1045.41		581.78	
Dividend paid Including Corporate Dividend Tax	(1500.65)		(465.71)	
Finance cost	(2091.38)		(2197.61)	
<b>Net Cash from Financing Activities</b>		<b>(1391.32)</b>		<b>1573.02</b>
<b>Net increase/(Decrease) in Cash and Cash equivalents</b>		<b>4694.25</b>		<b>196.97</b>
<b>Cash and Cash equivalent at the beginning of the Year</b>		<b>2807.58</b>		<b>2610.61</b>
<b>Cash and Cash equivalent at the end of the Year</b>		<b>7501.83</b>		<b>2807.58</b>

Note: The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of the Board of Directors

For **M. Anandam & Co.,**  
Chartered Accountants

**Bhagirat B. Merchant**  
Chairman

**Dr. G. Vivekanand**  
Vice-Chairman

**Smt. G. Saroja Vivekanand**  
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Chief Financial Officer

**J. P. Rao**  
Whole-time Director  
**I. Srinivas**  
Company Secretary &  
AVP (Corporate Affairs)

Place: Secunderabad  
Date: 10th May, 2016

# Notes to the Financial Statements

## Note 1 Significant Accounting Policies

### i) Basis of Preparation of financial statements:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

### ii) Revenue Recognition:

Revenue is recognized on accrual basis. Revenue from sale of goods is recognised when the significant risks and rewards are transferred to the customers, usually on delivery of the goods. Gross revenue is stated inclusive of excise duty.

### iii) Fixed Assets:

#### Tangible and Intangible

(a) Fixed Assets are stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation. Pre-operative expenses incurred during the construction period in case of major acquisitions and installations are capitalized.

(b) Cost of computer software is capitalized as intangible Assets.

### iv) Depreciation/Amortization:

Depreciation is provided on the straight line method and at the useful life and in the manner specified in Schedule II of the Companies Act, 2013. Computer Software is amortized over a period of three years.

### v) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

### vi) Investments:

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### vii) Inventories:

a) Raw Materials, Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

b) Work-in-progress, traded goods and finished goods are valued at lower of cost and net realizable value.

c) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### viii) Foreign Currency Transactions:

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

b) Monetary items denominated in foreign currencies at the year-end are translated at the year-end rates, the resultant gain or loss will be recognized in the statement of profit and loss.

c) Any gain or loss arising on account of exchange difference on settlement of transaction is recognized in the statement of profit and loss.

d) The premium or discount arising at the inception of forward contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such contract is recognized as income or as expense for the period.



## Notes to the Financial Statements (contd.)

### Note 1 Significant Accounting Policies (contd.)

#### ix) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### x) Leases:

Assets acquired under financial leases are recognized at the lower of the fair value of the leased asset at inception and the present value of minimum lease payment. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

#### xi) Employee Benefits:

a) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due. The Company has created an approved Superannuation Fund and accounts for the contribution made to LIC against an insurance policy taken with them. There are no other obligations other than the contribution payable to the funds.

b) Gratuity and Leave Encashment liabilities are defined benefit obligations and provided on the basis of independent actuarial valuation on projected unit credit method made at the end of the year. The company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. Also the company has created a fund with LIC for leave encashment of employees for future payment.

#### xii) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

#### xiii) Operating Cycle:

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating policy as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### Note 2 Share Capital

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>AUTHORIZED CAPITAL:</b>		
3,00,00,000 Equity Shares of ₹10/- each (P.Y 3,00,00,000 Equity Shares of ₹10/- each)	3,000.00	3,000.00
5,00,000 12% Cumulative Redeemable Preference Shares ₹100/- each (P.Y 5,00,000 12% Cumulative Redeemable Preference Shares ₹100/- each)	500.00	500.00
<b>TOTAL</b>	<b>3,500.00</b>	<b>3,500.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
1,58,80,952 Equity Shares of ₹10/- each fully paid up (P.Y 1,58,80,952 Equity Shares of ₹10/- each fully paid up)	1,588.10	1,588.10
Add: Shares forfeited - 79408 shares	3.97	3.97
<b>TOTAL</b>	<b>1,592.07</b>	<b>1,592.07</b>

## Notes to the Financial Statements (contd.)

### Note 2 Share Capital

#### 2.1 Rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹10 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended, dividend per share recognised as distributions to equity shareholders was ₹5 /- including interim dividend of ₹3/- (Previous Year ₹5/- including interim dividend of ₹ Nil).

In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 2.2 The details of shareholders holding more than 5% shares

No. of the Shareholders	31st March, 2016		31st March, 2015	
	No. of Shares	% holding	No. of Shares	% holding
a) Dr. G Vivekanand	57,68,116	36.32	57,68,116	36.32
b) Vigilance Security Services Private Limited	14,19,545	8.94	14,11,836	8.89

#### 2.3 The reconciliation of the number of shares as at 31st March 2016 is set out below :

Particulars	31st March, 2016	31st March, 2015
Number of shares at the beginning of the year	1,58,80,952	1,58,80,952
Add: Shares issued during the year	-	-
Number of shares as at the end of the year	1,58,80,952	1,58,80,952

### Note 3 Reserves & Surplus

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>Capital reserve</b>	169.29	169.29
<b>Securities premium reserve</b>	4,903.45	4,903.45
<b>General reserve</b>		
Opening balance	25,500.00	25,500.00
Add: Transferred from Surplus	1,500.00	-
	<b>27,000.00</b>	<b>25,500.00</b>
<b>Surplus</b>		
Opening balance	1,053.53	1,172.07
Less: Adjustment for depreciation difference on fixed assets	-	(1,286.45)
Add : Net profit transferred from Statement of Profit & Loss	2,443.53	2,123.61
<b>Less Appropriations</b>		
a) Interim dividend	476.43	-
b) Final dividend	317.62	794.05
c) Corporate dividend tax	161.65	161.65
d) Transferred to general reserve	1,500.00	-
	<b>2,455.70</b>	<b>955.70</b>
<b>Surplus - Closing balance</b>	<b>1,041.36</b>	<b>1,053.53</b>
<b>TOTAL</b>	<b>33,114.10</b>	<b>31,626.27</b>



## Notes to the Financial Statements (contd.)

### Note 4 Long term borrowings

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>a) Secured loans</b>		
Term loans from banks	2,404.50	3,778.50
Loans from others	2,436.64	2,436.64
<b>b) Unsecured loans</b>		
Deferred payment liabilities	221.25	221.25
Public deposits	304.49	261.41
<b>TOTAL</b>	<b>5,366.88</b>	<b>6,697.80</b>

- 4.1 Term loans from banks represent loan taken from HDFC Bank Limited for the fibre cement boards project near Daund Taluk, Pune District in Maharashtra. The loan sanctioned is ₹6870.00 lacs in the year 2012-13, which is repayable in 20 quarterly installments commencing from Jan'14. The current rate of interest is 10.30% as at the balance sheet date. This loan is secured by first mortgage and charge in favour of the Bank on all the Company's fixed assets both present and future on pari passu basis with other lenders, second charge on the current assets of the Company and personal guarantee of the Vice-chairman Dr G Vivekanand of the Company. Outstanding amount is repayable @ ₹343.50 lacs each quarter from the financial year 2016-17 to 2018-19 (upto December, 2018).
- 4.2 (i) Loans from others include interest free loans of ₹2333.74 lacs availed (₹1523.75 lacs in 2012-13 and ₹809.99 lacs in 2014-15) from The Pradeshiya Industrial & Investment Corporation of U.P. Ltd for the cement asbestos unit at Raebareli, U.P which is sanctioned under the Industrial Investment Promotion Scheme, 2003. The loan is secured by first charge on the entire fixed assets of the Company both present and future, by way of first pari-passu charge with all the secured lenders of the Company. The loans are repayable (each installment drawn) after 10 years from the date of disbursement. i.e ₹1523.75 lacs in 2022-23 and ₹809.99 lacs in 2024-25
- 4.2 (ii) Loans from others include ₹102.90 lacs obtained from Life Insurance Corporation of India against key man insurance policy at 9% which matures on 28-03-2018. This loan has no specific terms of repayment.
- 4.3 Deferred payment liabilities represent sales tax deferment relating to cement asbestos unit at Patancheru, Medak District. This loan is interest free and repayable at ₹200.18 lacs in the year 2019-20 and ₹21.07 lacs in the year 2020-21.
- 4.4 Public deposits represent deposits accepted from public carrying interest varying from 11% to 12%. The maturity of these deposits fall on different dates depending on the date of each deposit. There are no deposits matured and remained unpaid as on the balance sheet date.

### Note 5 Deferred tax liabilities (Net)

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>a) Deferred tax Assets</b>		
Opening Balance	57.60	57.43
Add : On account of Income tax disallowances	143.32	35.23
Less: Reversed during the year	(35.23)	(35.06)
	<b>165.69</b>	<b>57.60</b>
<b>b) Deferred tax Liabilities</b>		
Opening Balance	2,640.42	3,026.07
Add : On account of depreciation	-	276.77
Less: Reversed during the year	(252.13)	(662.42)
	<b>2,388.29</b>	<b>2,640.42</b>
<b>Deferred tax liabilities (net)</b>	<b>2,222.60</b>	<b>2,582.82</b>

## Notes to the Financial Statements (contd.)

### Note 6 Other Long term liabilities

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Security deposits	3,187.81	2,655.54
b) Rent Deposits & others	3.90	3.00
<b>TOTAL</b>	<b>3,191.71</b>	<b>2,658.54</b>

6.1 Security deposits include deposits received from stockists (i.e Dealers) ₹3099.17 Lacs (P.Y ₹2575.16 lacs), transporters ₹34.34 lacs (P.Y ₹28.34 lacs), sales agents ₹54.30 lacs (P.Y ₹52.04 lacs) as collateral at the time of agreement/contract. These have no specific maturity date and are not repayable as long as they continue business with the company. These deposits carry interest at the rate of 9% per annum.

### Note 7 Short term borrowings

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Secured loans		
From Banks		
Working capital loans	10,678.05	10,630.86
b) Unsecured loans		
From Banks		
Short term loans	13,351.95	10,869.84
From Others		
Inter corporate deposits from others	-	400.00
Loan from related party	548.50	-
<b>TOTAL</b>	<b>24,578.50</b>	<b>21,900.70</b>

7.1 Working capital Loans from State Bank of India and State Bank of Hyderabad (under consortium arrangement) are repayable on demand which are secured on pari-passu basis by hypothecation of the Company's entire movable assets including stocks, all raw materials, work-in-process, stores & spares, finished goods and book debts, present and future, and personal guarantee of the Vice-chairman Dr G. Vivekanand of the Company.

7.2 Unsecured short term loans from banks include buyers credit availed from a) Kotak Mahindra Bank Limited of ₹1183.33 lacs (P.Y ₹2442.50 lacs), b) HDFC Bank Limited of ₹2743.23 Lacs (P.Y ₹2066.16 lacs), c) Yes Bank Limited of ₹1409.92 lacs (P.Y ₹654.61 lacs) d) RBL Bank Ltd of ₹1015.47 lacs (P.Y ₹1706.57) and e) short term loan of ₹5000 lacs (P.Y ₹4000 lacs) from ICICI Bank Ltd, f) short term loan of ₹2000 lacs (P.Y ₹ Nil lacs) from HDFC Bank Ltd. These loans are backed by the personal guarantee of Vice-Chairman Dr G Vivekanand of the Company. All these buyers credit loans are repayable within six months from the date of availment. The short term loan taken from ICICI Bank Limited is repayable in May'16 and the short term loan taken from HDFC Bank Limited is repayable ₹1000 lacs in June'16 and ₹1000 lacs in Sep'16.

7.3 Loan from related party represents unsecured loan taken from Vice-chairman of the Company.

### Note 8 Trade Payables

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Trade Payables		
Dues to micro and small enterprises (Refer Note 36)	19.25	11.53
Others	2,046.76	1,937.08
b) Others		
Expenses payable	4,182.48	3,923.96
<b>TOTAL</b>	<b>6,248.49</b>	<b>5,872.57</b>

8.1. Expense payable represents amount payable to various parties like transporters, advertising, security and other contractors. These also include provision for current salaries, wages and other employee benefits.



## Notes to the Financial Statements (contd.)

### Note 9 Other Current Liabilities

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Current maturities of long term debts (Refer Note 4.1)	1,374.00	1,374.00
b) Current maturities of public deposits (Refer Note.4.4)	783.43	462.77
c) Interest accrued but not due	105.14	67.75
d) Unpaid dividend	95.16	66.69
e) Statutory liabilities	2,344.61	2,517.67
f) Advances from customers	234.17	432.94
<b>TOTAL</b>	<b>4,936.51</b>	<b>4,921.82</b>

9.1 Statutory liabilities include sales tax, value added tax, service tax, excise duty and tax deducted at source.

### Note 10 Short Term Provisions

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Provision for employee benefits		
- Leave encashment	47.97	18.04
- Gratuity	91.08	92.66
b) Proposed dividend & Corporate dividend tax	382.28	955.70
c) Provision for income-tax (net of advance tax)	-	103.37
<b>TOTAL</b>	<b>521.33</b>	<b>1,169.77</b>

### Note 11 Fixed Assets

Name of the Asset	Gross Block				Depreciation					Net Block	
	As at	Additions	Deductions	As at	As at	Adjustments	For the year	Other	As at	As at	As at
	01.04.2015			31.03.2016	01.04.2015			Adjustments	31.03.2016	31.03.2016	31.03.2015
<b>Tangible Assets</b>											
Land	3,957.74	792.68	-	4,750.42	-	-	-	-	-	4,750.42	3,957.74
Buildings	18,541.64	53.12	-	18,594.76	3,786.48	-	963.29	-	4,749.77	13,844.99	14,755.16
Plant & Equipment	31,986.44	768.29	13.63	32,741.10	20,261.47	-	2,356.54	6.07	22,611.94	10,129.16	11,724.97
Furniture & Fixtures	297.84	4.29	-	302.13	233.97	-	15.20	-	249.17	52.96	63.87
Office Equipment	293.10	25.36	-	318.46	223.12	-	35.47	-	258.59	59.87	69.98
Vehicles	539.93	178.11	86.61	631.43	201.61	-	83.28	57.73	227.16	404.27	338.32
Data Processing Equipment	729.29	46.15	-	775.44	558.82	-	90.30	-	649.12	126.32	170.47
<b>Assets taken on Finance Lease</b>											
Data Processing Equipment	114.99	-	-	114.99	62.10	-	19.76	-	81.86	33.13	52.89
<b>Intangible Assets</b>											
Computer Software	199.31	-	-	199.31	123.42	-	66.62	-	190.04	9.27	75.89
<b>TOTAL</b>	<b>56,660.28</b>	<b>1,868.00</b>	<b>100.24</b>	<b>58,428.04</b>	<b>25,450.99</b>	<b>-</b>	<b>3,630.46</b>	<b>63.80</b>	<b>29,017.65</b>	<b>29,410.39</b>	<b>31,209.29</b>
Previous Year	52693.73	4106.48	139.93	56660.28	19,249.08	1,948.87	4,309.06	56.02	25,450.99	31,209.29	33,444.65

## Notes to the Financial Statements (contd.)

### Note 12 Non-current investments

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>Non Trade at cost</b>		
<b>Long term - Unquoted</b>		
<b>Investments in Equity Instruments</b>		
a) Visaka Thermal Power Limited 20,78,600 (P.Y 20,78,600) shares of ₹10 each	207.86	207.86
b) Somerset Entertainment Ventures (Singapore) Pte Ltd 1,31,903 (P.Y 1,31,903) shares of Singapore \$ of 10 each Less: Provision for Diminution in the value of Investment *	1,250.00 (450.00)	1,250.00 –
c) OPGS Power Gujarat Pvt Ltd - 7,02,000 shares of ₹0.10 each - Advance against share capital	1.33 0.15	– –
<b>TOTAL</b>	<b>1,009.34</b>	<b>1,457.86</b>

\*12.1 During the financial year the company has recognised the decline in the value of investment of ₹450 lacs.

### Note 13 Long term loans & advances

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>Unsecured Considered good</b>		
a) Capital advances (Note 13.1)	1,486.84	847.39
b) Deposits with government and Others	666.06	632.23
c) Deposit with central Excise (Refer Note 34)	450.00	450.00
<b>Unsecured Considered doubtful</b>		
Capital Advances	224.00	224.00
Less: Provision for doubtful advances	(224.00)	(224.00)
<b>TOTAL</b>	<b>2,602.90</b>	<b>1,929.62</b>

13.1 Capital Advances include ₹872.30 Lacs towards proposed expansion of Textile Unit located in Moudha, Nagpur, Maharashtra.

### Note 14 Inventories

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>(Valued at lower of cost or net realizable value)</b>		
a) Raw material {including material in transit of ₹473.40 lacs (P.Y of ₹587.33 lacs)}	10,897.34	11,427.51
b) Work-in-progress	3,411.39	3,167.79
c) Finished goods {including goods in transit of ₹99.71 lacs (P.Y of ₹296.54 lacs)}	8,085.74	9,710.34
d) Stores and spares	809.25	707.03
<b>TOTAL</b>	<b>23,203.72</b>	<b>25,012.67</b>



## Notes to the Financial Statements *(contd.)*

### Note 15 Trade Receivables

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	55.59	57.37
Unsecured, considered good	98.50	192.77
Doubtful	203.08	68.05
Less: Allowance for bad and doubtful debts	(203.08)	(68.05)
b) Others		
Secured, considered good	2,169.91	1,767.22
Unsecured, considered good	12,375.03	10,872.24
<b>TOTAL</b>	<b>14,699.03</b>	<b>12,889.60</b>

### Note 16 Cash and Bank balances

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Cash and cash equivalents		
a) Cash on hand	26.82	76.50
b) Balances with banks	7,475.01	2,731.08
<b>TOTAL</b>	<b>7,501.83</b>	<b>2,807.58</b>
Balance with banks includes -		
Unpaid dividend account	95.16	66.69

16.1 During the year, the Company has transferred unclaimed dividend of ₹8.84 Lacs (P.Y ₹6.90 Lacs) to the Investor Education and Protection Fund on expiry of 7 years

### Note 17 Short term loans & advances

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Unsecured Considered good		
Inter corporate deposits (Note 17.1)	407.00	595.00
Supplier advances	857.62	1,638.93
Employee advances	224.34	235.91
Interest receivable	177.16	124.09
Prepaid expenses & Other receivables	245.37	213.87
Advance income tax (Net of Provision for Income tax)	169.46	–
Advances to Related parties {Refer Note 28(A)(iii)}	17.12	4.77
Cenvat & Vat credit available	837.75	855.93
<b>TOTAL</b>	<b>2,935.82</b>	<b>3,668.50</b>

17.1 The Company has given an inter corporate deposit to Yeshwant Realtors Private Limited, Secunderabad for its short term working capital requirements.

## Notes to the Financial Statements *(contd.)*

### Note 18 Revenue from Operations

(₹ Lacs)		
Particulars	31st March, 2016	31st March, 2015
Sale of products	1,08,610.27	1,11,335.98
<b>Other operating revenue</b>		
Export incentives	623.53	366.98
Industrial incentives	797.16	290.89
Sale of scrap	109.85	145.22
<b>Revenue from operations (Gross)</b>	<b>1,10,140.81</b>	<b>1,12,139.07</b>
Less: Excise Duty	9,655.53	10,025.85
<b>Revenue from operations (Net)</b>	<b>1,00,485.28</b>	<b>1,02,113.22</b>
<b>Details of products sold</b>		
a) Cement Asbestos	76,408.85	80,919.14
b) Textile Yarn	17,157.85	17,963.88
c) Boards	13,740.97	11,039.71
d) Panels	1,302.60	1,413.25
<b>TOTAL</b>	<b>1,08,610.27</b>	<b>1,11,335.98</b>

### Note 19 Other Income

(₹ Lacs)		
Particulars	31st March, 2016	31st March, 2015
Interest on deposits	137.79	159.86
Insurance claims	41.96	53.75
Compensation received	75.00	–
Miscellaneous income	17.90	28.40
<b>TOTAL</b>	<b>272.65</b>	<b>242.01</b>

19.1 Interest income represents Interest on electricity deposits, bank deposits and on overdue bills from the customers.



## Notes to the Financial Statements *(contd.)*

### Note 20 Cost of raw materials consumed

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>Cement Asbestos</b>		
- Asbestos Fibre/ Wood Pulp	23,974.00	26,983.38
- Cement	12,473.08	13,929.46
- Others	5,366.03	5,465.74
<b>TOTAL</b>	<b>41,813.11</b>	<b>46,378.58</b>
<b>Textile Yarn</b>		
- Polyester Staple Fibre	7,674.85	8,671.21
- Viscose Staple Fibre	934.63	793.60
- Others	12.13	21.09
<b>TOTAL</b>	<b>8,621.61</b>	<b>9,485.90</b>
<b>Fibre Cement Boards</b>		
- Wood pulp	1,916.35	1,640.70
- Cement	1,296.61	1,118.50
- Others	1,682.38	1,447.54
<b>TOTAL</b>	<b>4,895.34</b>	<b>4,206.74</b>
<b>Panels</b>		
- Cement	139.28	152.65
- Others	224.35	264.62
<b>TOTAL</b>	<b>363.63</b>	<b>417.27</b>
<b>GRAND TOTAL</b>	<b>55,693.69</b>	<b>60,488.49</b>

Note: During the year boards costing ₹272.86 lacs used in Panels Division (P.Y ₹288.52 lacs)

### Note 21 Changes in inventories

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>Finished Goods</b>		
Closing Inventory	8,085.74	9,710.34
Opening Inventory	9,710.34	7,413.86
	(A)	2,296.48
<b>Work in Progress</b>		
Closing Inventory	3,411.39	3,167.79
Opening Inventory	3,167.79	2,618.09
	(B)	549.70
<b>Changes in Inventories (A+B)</b>	<b>(1,381.00)</b>	<b>2,846.18</b>

## Notes to the Financial Statements *(contd.)*

### Note 21 Changes in inventories *(contd.)*

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>DETAILS OF CLOSING INVENTORY</b>		
<b>Finished goods</b>		
a) Cement Asbestos	5,103.03	7,514.82
b) Textile yarn	1,059.40	901.56
c) Boards	1,749.91	1,132.72
d) Panels	173.40	161.24
<b>TOTAL</b>	<b>8,085.74</b>	<b>9,710.34</b>
<b>Work-in-progress</b>		
a) Cement Asbestos	2,980.88	2,852.33
b) Textile yarn	430.51	315.46
<b>TOTAL</b>	<b>3,411.39</b>	<b>3,167.79</b>
<b>DETAILS OF OPENING INVENTORY</b>		
<b>Finished goods</b>		
a) Cement Asbestos	7,514.82	4,960.59
b) Textile yarn	901.56	1,158.61
c) Boards	1,132.72	1,114.23
d) Panels	161.24	180.43
<b>TOTAL</b>	<b>9,710.34</b>	<b>7,413.86</b>
<b>Work-in-progress</b>		
a) Cement Asbestos	2,852.33	2,206.19
b) Textile yarn	315.46	411.90
<b>TOTAL</b>	<b>3,167.79</b>	<b>2,618.09</b>

### Note 22 Employee benefits expense

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Salaries, wages and bonus	5,667.27	4,871.45
Contribution to provident and other funds	613.81	564.72
Staff welfare expenses	515.42	498.59
<b>TOTAL</b>	<b>6,796.50</b>	<b>5,934.76</b>

### Note 23 Finance Cost

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Interest expense	2,038.19	2,107.71
Other borrowing cost	81.22	74.48
Interest on shortfall in payment of advance tax	9.36	20.46
<b>TOTAL</b>	<b>2,128.77</b>	<b>2,202.65</b>



## Notes to the Financial Statements *(contd.)*

### Note 24 Other Expenses

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Consumption of stores & spare parts	2,792.26	3,192.35
Cost of packing materials consumed	1,058.71	1,008.99
Power and fuel	4,991.08	5,075.26
Rent	130.55	118.37
Repairs to buildings	328.01	233.02
Repairs to machinery	587.80	732.01
Insurance	222.44	223.45
Rates & Taxes	113.81	89.32
Wages - Contract Labour	2,298.45	2,165.72
Travelling & Conveyance	834.50	819.97
Commission & Discount	492.42	483.91
Freight	7,739.82	8,792.73
Advertisement & Sales Promotion Expenses	1,045.58	1,343.01
Auditors' Remuneration	28.14	28.02
Directors' Sitting Fee	2.60	2.65
Bad Debts Written off	–	4.29
Foreign Exchange Loss (Net)	380.74	492.11
Loss on Sale of Fixed Assets (Net)	4.99	54.62
Non Whole-time Directors' Commission	50.93	39.00
Excise duty on Increase/(Decrease) in Inventories	(16.99)	425.25
Fixed Assets written off	–	0.59
Provision for Doubtful debts	135.03	–
Corporate Social Responsibility (CSR) Expenditure*	85.01	97.00
Contribution to Political Party	–	200.00
Provision for Diminution in the value of Investment	450.00	–
Miscellaneous Expenses	3,251.86	3,215.76
<b>TOTAL</b>	<b>27,007.74</b>	<b>28,837.40</b>

\*a) Gross amount required to be spent by the company during the year ₹85.01 lacs

b) Amount spent during the year on :

Particulars	(₹ Lacs)	
	in cash	Yet to be paid in cash
1. Construction/ acquisition of any assets	–	–
2. On Purposes other than (1) above**	85.01	–

\*\* includes ₹56.00 lacs contributed to Visaka Charitable Trust.

## Notes to the Financial Statements *(contd.)*

### Note 25 Payment to auditor

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>As Auditor</b>		
For Statutory Audit	14.00	14.00
For Tax Audit	4.00	4.00
For Quarterly Audit	3.75	2.25
For Cost Audit	1.50	3.00
<b>For other services</b>		
For Certification and Taxation matters	3.61	2.85
Out of Pocket expenses	1.28	1.92
<b>TOTAL</b>	<b>28.14</b>	<b>28.02</b>

### Note 26 Earnings per share (EPS)

Particulars	31st March, 2016	31st March, 2015
Profit after tax (₹ in lacs)	2,443.53	2,123.61
Weighted average number of equity shares in calculating Basic and Diluted EPS (Nos in lacs)	158.81	158.81
Basic and Diluted Earnings per Share (EPS) ₹	15.39	13.37
Face value per share ₹	10.00	10.00

### Note 27 Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures are as follows:

#### 27.1 Defined Contribution plans:

	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Company's Contribution to Provident Fund	359.77	329.53
Company's Contribution to Superannuation Fund	86.44	79.48

#### 27.2 Defined Benefit plans:

The Company operates post retirement gratuity plan with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation of leave encashment is recognised in the same manner as gratuity.

##### a) Gratuity

	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>1. Changes in the Present Value of Obligation</b>		
Present value of obligations as at beginning of the year	1,076.29	916.39
Interest cost	84.29	71.00
Current Service cost	64.64	57.67
Benefits paid	(45.19)	(57.72)
Actuarial (gain)/loss on obligations	78.21	88.95
Present value of obligations as at end of year	<b>1,258.24</b>	<b>1,076.29</b>



## Notes to the Financial Statements *(contd.)*

### Note 27 Employee Benefits *(contd.)*

		(₹ Lacs)	
		31st March, 2016	31st March, 2015
<b>a) Gratuity <i>(contd.)</i></b>			
<b>2. Changes in Fair value of plan assets</b>			
Fair value of plan assets at beginning of the year		983.63	857.01
Expected return on plan assets		89.65	82.83
Contributions		139.07	101.75
Benefits paid		(45.19)	(57.72)
Actuarial gain/(loss) on plan assets		–	(0.24)
Fair value of plan assets at the end of year		<b>1,167.16</b>	<b>983.63</b>
<b>3. Assets recognized in the Balance Sheet</b>			
Present value of obligations as at the end of the year		1,258.24	1,076.29
Fair value of plan assets as at the end of the year		1,167.16	983.63
Funded status		(91.08)	(92.66)
Net asset/(liability) recognized in balance sheet		<b>(91.08)</b>	<b>(92.66)</b>
<b>4. Expenses recognized in the Statement of Profit &amp; Loss</b>			
Current service cost		64.64	57.67
Interest cost		84.29	71.00
Expected return on plan assets		(89.65)	(82.83)
Net Actuarial (gain)/loss recognized in the year		78.21	89.19
Expenses recognized in statement of profit and loss		<b>137.49</b>	<b>135.03</b>
<b>5. Assumptions</b>			
Discount Rate		8%	8%
Salary Escalation		4%	4%

		(₹ Lacs)	
		31st March, 2016	31st March, 2015
<b>(b) Leave Encashment</b>			
<b>1. Changes in the Present Value of Obligation</b>			
Present value of obligations as at beginning of year		409.11	339.83
Interest cost		31.94	26.15
Current Service cost		52.75	43.04
Benefits paid		(19.71)	(25.90)
Actuarial (gain)/loss on obligations		7.89	25.99
Present value of obligations as at end of year		<b>481.98</b>	<b>409.11</b>
<b>2. Changes in Fair value of plan assets</b>			
Fair value of plan assets at beginning of year		391.07	311.89
Expected return on plan assets		33.53	31.63
Contributions		29.12	72.02
Benefits paid		(19.71)	(25.90)
Actuarial gain/(loss) on plan assets		–	1.43
Fair value of plan assets at the end of year		<b>434.01</b>	<b>391.07</b>

## Notes to the Financial Statements *(contd.)*

### Note 27 Employee Benefits

#### (b) Leave Encashment *(contd.)*

	(₹ Lacs)	
	31st March, 2016	31st March, 2015
<b>3. Assets recognized in the Balance Sheet</b>		
Present value of obligations as at the end of year	481.98	409.11
Fair value of plan assets as at the end of the year	434.01	391.07
Funded status	(47.97)	(18.04)
Net asset/(liability) recognized in balance sheet	<b>(47.97)</b>	<b>(18.04)</b>
<b>4. Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current service cost	52.75	43.04
Interest cost	31.94	26.15
Expected return on plan assets	(33.53)	(31.63)
Net Actuarial (gain)/loss recognized in the year	7.89	24.56
Expenses recognized in statement of profit and loss	<b>59.05</b>	<b>62.12</b>
<b>5. Assumptions</b>		
Discount Rate	8%	8%
Salary Escalation	4%	4%

### Note 28 Related Party Disclosures as per AS 18 read with the Companies Act, 2013

#### i) Key Managerial Personnel (KMP):

Mrs. G. Saroja Vivekanand, Managing Director  
 Mr. G. Vamsi Krishna, Whole-time Director  
 Mr. V. Vallinath, Whole-time Director & Chief Financial Officer  
 Mr. J. P. Rao, Whole-time Director (From 7th May, 2015)  
 Mr. I. Srinivas, Company Secretary & Assistant Vice-President (Corporate Affairs)

#### ii) Non Whole-time Directors

Mr. Bhagirat B. Merchant  
 Dr. G. Vivekanand  
 Mr. Nagam Krishna Rao  
 Mr. Gusti J Noria  
 Mr. V. Pattabhi  
 Mr. P. Abraham  
 Mr. P. Srikar Reddy

#### iii) Relatives of key managerial personnel:

Dr. G. Vivekanand (Spouse of Mrs. Saroja Vivekanand)  
 Mr. G. Vamsi Krishna, Son of Mrs. Saroja Vivekanand (KMP from 1st June, 2014)  
 Mrs. G. Vritika (Daughter of Mrs. Saroja Vivekanand)  
 Mrs. G. Vaishnavi (Daughter of Mrs. Saroja Vivekanand)  
 Mrs. B. L. Sujata (Spouse of Mr. V. Vallinath)  
 Mrs. K. Vimala (Mother of Mrs. Saroja Vivekanand)

#### iv) Enterprises in which key managerial personnel and/or their relatives have control:

- a) Aslesha Constructions Private Limited
- b) Visaka Thermal Power Limited
- c) Visaka Charitable Trust



## Notes to the Financial Statements *(contd.)*

### Note 28 Related Party Disclosures as per AS 18 read with the Companies Act, 2013

#### v) Aggregated Related Party Disclosures:

(₹ Lacs)

Nature of Transaction	Key managerial Personnel	Relatives of key managerial personnel	Enterprises Controlled by KMP /Relatives of KMP	Non Whole-time Directors	Total
Remuneration	422.54 (387.71)	Nil (2.27)			422.54 (389.98)
Commission and Sitting fees		7.57 (6.30)		45.96 (35.35)	53.53 (41.65)
Dividend paid	15.53 (4.90)	461.45 (144.20)			476.98 (149.10)
Unsecured Loan taken / Outstanding		548.50 (Nil)			548.50 (Nil)
ICDs Repaid			Nil (9.16)		Nil (9.16)
Interest on ICDs			Nil (0.75)		Nil (0.75)
Public Deposits received		88.00 (50.00)			88.00 (50.00)
Public Deposits repaid		Nil (12.42)			Nil (12.42)
Interest on Public Deposits		14.58 (3.50)			14.58 (3.50)
Public Deposits Outstanding		143.26 (50.00)			143.26 (50.00)
Receipt of Advance against share capital			Nil (1.52)		Nil (1.52)
Contribution towards CSR			56.00 (97.00)		56.00 (97.00)
Advances Given -Outstanding	17.12 (4.77)				17.12 (4.77)

Figures in brackets represent previous year.

#### Details of Material Related Party Transactions:

(₹ Lacs)

Particulars	2015-16	2014-15
<b>A) Key managerial Personnel</b>		
<b>i) Remuneration</b>		
Mrs. G.Saroja Vivekanand	254.18	195.90
Mr. G.Vamsi Krishna	35.32	30.17
Mr. V.Vallinath	61.91	58.98
Mr. J.P.Rao (From 07.05.2015)	49.79	–
Mr. M. P.V.Rao (Upto 31.07.2014)	–	83.92
Mr. I. Srinivas	21.34	18.74
<b>ii) Dividend paid</b>		
Mrs. G.Saroja Vivekanand	15.53	4.90
<b>iii) Advances Given -Outstanding</b>		
Mr. V.Vallinath	3.96	4.77
Mr. J.P.Rao	13.16	–

## Notes to the Financial Statements *(contd.)*

### Note 28 Related Party Disclosures as per AS 18 read with the Companies Act, 2013

Details of Material Related Party Transactions:

Particulars	(₹ Lacs)	
	2015-16	2014-15
<b>B) Relatives of Key managerial Personnel</b>		
<b>i) Remuneration</b>		
Mr. G. Vamsi Krishna (Upto 31.05.2014)	–	2.27
<b>ii) Dividend paid</b>		
Dr. G. Vivekanand	461.45	144.20
<b>iii) Unsecured loan taken/ outstanding</b>		
Dr. G. Vivekanand	548.50	–
<b>C) Enterprises Controlled by KMP</b>		
Contribution towards CSR		
Visaka Charitable Trust	56.00	97.00

### Note 29 Expenditure in Foreign Currency

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Travel	44.93	62.79
Commission on Export Sales	78.89	62.36
Interest	70.36	65.61
Others	3.29	8.78
<b>TOTAL</b>	<b>197.47</b>	<b>199.54</b>

### Note 30 Earnings in Foreign Currency

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Export of Goods (FOB Value)	8,013.16	7,192.95

### Note 31 CIF Value of Imports

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Raw Materials	23,716.79	29,281.97
Components, stores and spare Parts	332.56	403.17

### Note 32 Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Particulars	Currency	31st March, 2016	31st March, 2015
Trade Payables	USD	2,63,429	–
	USD	7,97,733	5,65,300
Trade Receivables	GBP		14,197
	EUR	37,355	–
<b>Others</b>			
a) Buyers credit	USD	1,375	1,07,456
b) Commission	GBP	847	863
	USD	61,599	50,211



## Notes to the Financial Statements (contd.)

### Note 33 Consumption of Raw Materials and Other Materials

Particulars	31st March, 2016		31st March, 2015	
	(₹ in lacs)	%	(₹ in lacs)	%
<b>a) Raw Materials</b>				
i) Imported	26,036.76	47	28,431.31	47
ii) Indigenous	29,656.93	53	32,057.18	53
<b>TOTAL</b>	<b>55,693.69</b>	<b>100</b>	<b>60,488.49</b>	<b>100</b>
<b>b) Components, Spares, Consumables &amp; Packing Materials</b>				
i) Imported	167.73	4	175.25	4
ii) Indigenous	3,683.24	96	4,026.09	96
<b>TOTAL</b>	<b>3,850.97</b>	<b>100</b>	<b>4,201.34</b>	<b>100</b>

### Note 34 Provisions, Contingent Liabilities and Contingent Assets:

Disclosures required by AS-29 "Provisions, Contingent Liabilities & Contingent Assets"

#### Contingent Liabilities:

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Income tax	16.37	19.14
VAT/CST	250.66	231.01
Excise duty/Service Tax*	2,831.34	2,839.50
<b>Total</b>	<b>3,098.37</b>	<b>3,089.65</b>

\*Includes ₹2647.70 lacs(P.Y. ₹2647.70 lacs) disputed excise duty including penalty for purported under utilization of fly-ash in the product to be eligible for concessional rate of duty. This is in appeal against which a deposit of ₹450 lacs (P.Y ₹450 lacs) has been made.

34.1 In view of the Honourable High Courts stay on the applicability of amendments to the Payment of Bonus Act retrospectively from 01-04-2014, the Company has not made any provision for the increase in liability for the year 2014-15.

### Note 35 Commitments:

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Estimated amount of contracts remaining to be executed on capital account	4,633.21	44.38
<b>TOTAL</b>	<b>4,633.21</b>	<b>44.38</b>

### Note 36

Based on the information available with the company, the amounts payable to Micro and Small enterprises are disclosed in Note no 8. Other Disclosures are given below.

Particulars	(₹ Lacs)	
	31st March, 2016	31st March, 2015
Principal amount due and remaining unpaid	–	–
Interest due on above and the unpaid interest	–	–
Interest paid	–	–
Payment made beyond the appointed day during the year	–	–
Interest due and payable for the period of delay	–	–
Interest accrued and remaining unpaid	–	–
Amount of further interest remaining due and payable in succeeding years	–	–

## Notes to the Financial Statements (contd.)

### Note 37 Segment information for the year ended 31st March, 2016

#### i) Information about Primary business segments

(₹ Lacs)

Particulars	31st March, 2016			31st March, 2015		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
<b>REVENUE</b>						
External Sales(Net)	81,796.89	17,157.85	98,954.74	83,346.25	17,963.88	1,01,310.13
Inter Segment Sales	–	–	–	–	–	–
<b>Total Revenue</b>	<b>81,796.89</b>	<b>17,157.85</b>	<b>98,954.74</b>	<b>83,346.25</b>	<b>17,963.88</b>	<b>1,01,310.13</b>
<b>Segment Result</b>	<b>5,312.94</b>	<b>2,623.62</b>	<b>7,936.56</b>	<b>4,863.34</b>	<b>2,163.34</b>	<b>7,026.68</b>
Exceptional Items			–	–		–
Unallocated Corporate expenses			(1,908.05)			(1,599.90)
Operating Profit			6,028.51			5,426.78
Interest Expense			(2,128.77)			(2,202.65)
Rental & Other Income			137.43			96.84
Income tax			(1,593.64)			(1,197.36)
Profit from ordinary activities			2,443.53			2,123.61
<b>Net Profit</b>			<b>2,443.53</b>			<b>2,123.61</b>
<b>Other information</b>						
Segment Assets	65,828.83	6,973.74	72,802.57	69,149.00	6,233.49	75,382.49
Unallocated Corporate Assets			8,969.62			3,639.87
<b>Total Assets</b>			<b>81,772.19</b>			<b>79,022.36</b>
Segment Liabilities	7,955.95	927.90	8,883.85	8,288.35	645.53	8,933.88
Unallocated Corporate liabilities			38,182.17			36,870.14
<b>Total Liabilities</b>			<b>47,066.02</b>			<b>45,804.02</b>
Capital Expenditure	756.33	1,107.32	1,863.65	3,733.23	349.39	4,082.62
Unallocated Capital Expenditure			4.35			23.86
<b>Total Capital Expenditure</b>			<b>1,868.00</b>			<b>4,106.48</b>
Depreciation	3,154.66	442.33	3,596.99	3,704.18	542.55	4,246.73
Unallocated Depreciation			33.47			62.33
<b>Total Depreciation</b>			<b>3,630.46</b>			<b>4,309.06</b>

#### ii) Information about secondary business segments

##### Revenue by Geographical Markets

(₹ Lacs)

Particulars	31st March, 2016			31st March, 2015		
	India	Outside India	Total	India	Outside India	Total
External	90,356.14	8,598.60	98,954.74	93,437.99	7,872.14	1,01,310.13
<b>Total</b>	<b>90,356.14</b>	<b>8,598.60</b>	<b>98,954.74</b>	<b>93,437.99</b>	<b>7,872.14</b>	<b>1,01,310.13</b>
Carrying Amount of Segment Assets	81,772.19	–	81,772.19	79,022.36	–	79,022.36
Additions to Fixed Assets	1,868.00	–	1,868.00	4,106.48	–	4,106.48

#### Notes:

##### Business Segments:

The Company's activities are organized into two operating segments namely, Building Products and Textile Synthetic Yarn. The



## Notes to the Financial Statements *(contd.)*

### Note 37 Segment information for the year ended 31st March, 2016 *(contd.)*

segments are the basis on which the company reports its primary segment information. The Building Products division produces asbestos sheets, accessories used mostly as roofing material and non asbestos flat sheets and sandwich panels used as interiors. Synthetic Yarn division manufactures Yarn out of blends of polyester, viscose, other materials which go into the weaving of fabric. Segment result includes the respective other income.

Financial Information about business segments is presented as above.

#### Geographical Segments:

The Sales of the above segments are classified as per the geographical segments of the company as Domestic and Exports.

#### Segment Revenue and Expenses:

The Company has an established basis of allocating Joint/Corporate expenses to the segments, which is reasonable, and followed consistently. All other segment revenue and expenses are attributable to the segments. Certain Expenses/Income are not specifically allocable to specific segments and accordingly these expenses are disclosed as 'unallocated corporate expenses' or income and adjusted only against the total income of the company.

#### Segment Assets and Liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions that are reported as direct offsets in the balance sheet. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. In such cases, the entire revenue and expenses of these assets including depreciation are also allocated to the same segments. Assets which are not allocable to the segments have been disclosed as 'unallocated corporate assets'. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. The loans and other borrowings that are not specifically allocable to the various segments are disclosed as 'unallocated corporate liabilities'.

#### Inter Segment Transfers:

The Company adopts a policy of pricing inter-segment transfers at cost to the transferor segment. However, during the year there are no such transactions.

### Note 38

Figures for the previous year are reclassified /regrouped and rearranged wherever necessary.

As per our report of even date

For **M. Anandam & Co.,**  
*Chartered Accountants*

**A. V. Sadasiva**  
*Partner*  
Membership No. 18404

Place: Secunderabad  
Date: 10th May, 2016

**Bhagirat B. Merchant**  
*Chairman*

**Gusti J Noria**  
**V. Pattabhi**  
**P. Abraham**  
**P. Srikar Reddy**  
*Directors*

For and on behalf of the Board of Directors

**Dr. G. Vivekanand**  
*Vice-Chairman*

**G. Vamsi Krishna**  
*Whole-time Director*

**V. Vallinath**  
*Whole-time Director &  
Chief Financial Officer*

**Smt. G. Saroja Vivekanand**  
*Managing Director*

**J. P. Rao**  
*Whole-time Director*

**I. Srinivas**  
*Company Secretary &  
AVP (Corporate Affairs)*

## CORPORATE INFORMATION

### Board of Directors

Shri. Bhagirath B. Merchant	Chairman
Dr. G. Vivekanand	Vice Chairman
Shri. Nagam Krishna Rao	Director
Shri. Gusti J Noria	Director
Shri. V. Pattabhi	Director
Shri. P. Abraham	Director
Shri. P. Srikar Reddy	Director
Smt. G. Saroja Vivekanand	Managing Director
Shri. V. Vallinath	Whole-time Director and Chief Financial Officer
Shri. G. Vamsi Krishna	Whole-time Director
Shri. J. P. Rao	Whole-time Director

### Assistant Vice President (Corporate Affairs) and Company Secretary:

Shri. I. Srinivas

### Committees of the Board

#### Audit Committee

Shri. Bhagirath B Merchant	Chairman
Shri. V Pattabhi	Member
Shri. Gusti J Noria	Member
Smt. G. Saroja Vivekanand	Member

#### Nomination and Remuneration Committee

Shri. Gusti J Noria	Chairman
Shri. Bhagirath B Merchant	Member
Shri. V. Pattabhi	Member

#### Stakeholders Relationship Committee

Shri. V. Pattabhi	Chairman
Dr. G. Vivekanand	Member
Smt. G. Saroja Vivekanand	Member

#### CSR Committee

Shri. Gusti J Noria	Chairman
Dr. G. Vivekanand	Member
Smt. G. Saroja Vivekanand	Member

### Corporate Office:

Visaka Industries Limited  
Visaka Towers, 1-8-303/69/3  
S.P. Road, Secunderabad – 500 003.

### Registered Office:

Survey No. 315, Yelumala Village,  
R.C. Puram Mandal, Medak District – 502 300, Telangana.

### Statutory Auditors:

M/s. M. Anandam & Co.  
Chartered Accountants  
7 'A', Surya Towers, S.P. Road,  
Secunderabad – 500 003.

### Cost Auditors:

M/s. Sagar & Associates  
206, Raghava Ratna Towers,  
Chirag Ali Lane, Abids, Hyderabad – 500 001.

### Secretarial Auditors:

M/s. Tumuluru & Co.,  
Company Secretaries  
'Anasuya', C-66, Durgabhai Deshmukh Colony,  
Ahobil Mutt Road, Hyderabad – 500 007

### Bankers:

State Bank of India - Industrial Finance Branch,  
Hyderabad.  
State Bank of Hyderabad – Industrial Finance Branch,  
Hyderabad.  
HDFC Bank – Begumpet Branch, Hyderabad.



## Plant Address

1. A.C. Division – Plant 1  
Survey No.315, Yelumala Village, R. C. Puram Mandal,  
Medak District - 502 300, Telangana
2. A.C. Division – Plant 2  
Behind Supa Gas, Manickanatham Village, Paramathi,  
Velur Taluq, Namakkal District, Tamil Nadu - 637 207
3. A.C. Division – Plant 3  
Changsole Mouza, Bankibund, G.P.No.4, Salboni Block,  
Midnapore West, West Bengal – 721 147
4. A.C. Division – Plant 4  
Survey No. 27/1, G. Nagenahalli Village, Kora Hobli,  
Tumkur Taluk & District, Karnataka
5. A.C. Division – Plant 5  
Village Kannawan, P.S. Bacharawan, Tehsil: Maharaj  
Ganj, Raibareli District, Uttar Pradesh – 229 301
6. A C Division – Plant 6  
Survey No. 385 and 386, Near Kanchikacharla, Jujjuru  
(Village), Veerula Padu Mandal, Krishna District, Andhra  
Pradesh – 521 181
7. A C Division – Plant 7  
Plot No. 2006, 1994, Khata No. 450, At- Paramanapur,  
Manejwan, Navamunda Village, Sambalpur District,  
Odisha – 768 200
8. A C Division – Plant 8  
Gat.No.70/3A, 70/3, Sahajpur Industrial Area, Nandur  
(Village), Daund (Taluk), Pune (District) - 412 202,  
Maharashtra
9. Textile Division  
Survey No.179 & 180, Chiruva Village, Maudha Taluq,  
Nagpur District, Maharashtra
10. V - Boards and V - Panels Division – 1  
Survey No. 95 & 96, Gajalapuram Village, Near  
Miryalguda P.O. Pedadevullapally Mandal, Tripuraram  
Adjacent to Kukkadam Railway Station Nalgonda  
District, Telangana – 508 207
11. V - Boards Division– 2  
Gatt No. 262, Delwadi Village, Daund Taluq, District  
Pune, Maharastra



# VISAKA INDUSTRIES LIMITED®

CIN L52520TG1981PLC003072

Registered Office: Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak Dist - 502 300, Telangana

Telephone No. 040 – 27813833; Fax No. 040 – 27813837; email: - vil@viska.in; website: - www.visaka.in

## NOTICE

Notice is hereby given that the 34th Annual General Meeting of **VISAKA INDUSTRIES LIMITED** will be held at its Registered Office at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Medak District – 502 300, Telangana at 11.30 A. M. on Tuesday, the 26th day of July 2016 to transact the following business:

### ORDINARY BUSINESS:

1. To adopt the Financial Statement of the Company for the Financial Year Ended March 31, 2016 and reports of Board of Directors of the Company and the Statutory Auditors' thereon as on that date.
2. To declare Dividend for the Financial Year ended March 31, 2016.
3. To appoint a Director in place of Shri G. Vamsi Krishna (DIN:03544943) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to Section 139(1), 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s M. Anandam & Co., (Firm Registration No. 000125S), Chartered Accountants, 7'A' Surya Towers, S.P. Road, Secunderabad - 500 003, as Statutory Auditors of the Company made pursuant to the resolution passed by the members at the 32nd Annual General Meeting held on July 25, 2014 to hold office till the conclusion of Annual General Meeting to be held in the calendar year 2017 (i.e., 4th consecutive Annual General Meeting) be and is hereby ratified and further that the Board of Directors, in consultation with the Auditors, be and is hereby authorized to fix the remuneration payable to the statutory auditors for the financial year ending March 31, 2017 as recommended by the Audit Committee.”

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be paid a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take

all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company may serve documents on its members, by sending the document(s) by post or by registered post or by speed post or by courier or by such electronic or other mode as may be prescribed depending on event and circumstance of each case from time to time.

**RESOLVED FURTHER THAT** until decided otherwise, the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to decide, in respect of any request of sending documents in a particular mode of delivery by any member, the charges payable for such delivery, subject to the minimum fees as prescribed below for each mode of dispatch.

Sl.No.	Mode	Minimum Rate per document at the minimum slab of the weight of the document in each category in Rs.		
		Hyderabad	Other than Hyderabad (Domestic)	International
1	Ordinary Post	15.00	15.00	1.2 times of the actual charges in each case
2	Registered Post	30.00	50.00	
3	Speed Post	40.00	60.00	
4	Courier	40.00	75.00	
5	Electronic mail (email)	15.00	15.00	

**RESOLVED FURTHER THAT** the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board  
For **VISAKA INDUSTRIES LIMITED**

I **SRINIVAS**

Assistant Vice President (Corporate Affairs)

Date : 10th May, 2016

Place : Hyderabad

& Company Secretary

## NOTES:

1. The Statement in pursuance of Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of members and share transfer books of the Company will be closed from July 20, 2016 to July 26, 2016 (both days inclusive).
4. The members are requested to –
  - a) Intimate changes if any, in their registered addresses at an early date to the Company or its Registrar and Transfer Agents, Karvy Computershare Pvt. Ltd., in case they hold shares in physical form and to their Depository Participants in case they hold shares in electronic form.
  - b) Quote Ledger Folio/Client ID in all the correspondence.
  - c) Intimate to their respective Depository Participant about changes in bank particulars registered, if any, in case members are holding shares in electronic form. The Company or its Registrar and Transfer Agents, Karvy Computershare Pvt. Ltd., cannot act on any request received directly from such members for any change of bank particulars or bank mandates.
  - d) Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting.
5. If the dividend on shares as recommended by the Directors is passed at the meeting, payment of such dividend will be made to those shareholders or their mandate (s) whose names appear in the Company's register of members as on July 19, 2016.
6. Members desiring any information as regards accounts are requested to write to the Company at least fifteen days before the date of the meeting to enable the management to keep the information ready at the meeting.
7. As per the provisions of Section 205 C of the Companies Act, 1956, Unpaid/Unclaimed Dividend for the Year 2007 – 08 has been transferred to Investor Education and Protection Fund on September 3, 2015 upon expiry of 7 years period. Unpaid/Unclaimed Dividend for the Year 2008 – 09 will be transferred to Investor Education and Protection Fund on July 23, 2016. Shareholders who have not claimed Dividend for the year 2008-09 are requested to claim the dividend on or before July 22, 2016.
8. All documents referred to in the notice and explanatory statement are open for inspection at the Corporate Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
9. The business set out in the Notice will also be transacted through electronic voting system (e-voting facility) and as required the Company is providing the said e-voting facility to all its members. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members, who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice and those members who have registered their e-mail IDs with the Company/their login ID and password for e-voting along with process, manner and instructions by an e-mail.
10. To support Green Initiative, members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
11. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility. The e-voting facility will be available at the link <https://evoting.karvy.com> during the voting period as mentioned at point no. 17(ix) below. Instructions and other information relating to e-voting are given in this Notice under Note No. 17.
12. The members are requested to note that apart from aforesaid e-voting facility, ballot or polling paper will also be made available at the meeting to enable them to exercise their voting rights at the meeting.
13. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
16. Brief Profile of Shri. G. Vamsi Krishna, Whole-time Director liable to retire by rotation and being eligible, offers him-self for reappointment in 34th Annual General Meeting of the Company is provided here under:

Shri. G. Vamsi Krishna is a science graduate from Purdue University, IN, USA. He joined Visaka in June 2011 as management trainee and later was appointed as Chief Business strategist of the Company. He is actively involved in setting up the market for Boards Division and in view of his significant contributions in that regard, he has been appointed as Whole-time Director of the Company effective from June 1, 2014.

None of the Directors, Key Managerial Personnel and their relatives except, Shri. G.Vamsi Krishna, Smt. G. Saroja Vivekanand, Managing Director and Dr.G.Vivekanand, Vice Chairman of the Company are interested in the said resolution.

17. Information and other instructions relating to e-voting are as under:

- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Clause 44 of SEBI(LODR) Regulations, 2015, the Company is extending facility of voting by electronic means (e-voting facility) to its members enabling them to exercise their right to vote electronically on resolutions proposed to be passed in the Meeting.
- ii. Under this mode the members may either cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') or at the venue of the meeting (insta poll). The insta poll facility shall be made available at the Meeting to enable the members attending the Meeting to vote at the Meeting provided they have not cast their vote by remote e-voting.
- iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- iv. July 19, 2016 is fixed as cut-off date for e-voting facility purpose and accordingly a person whose name is recorded in the register of members (either in physical form or in dematerialisation form) as on the cut-off date only are entitled to avail the e-voting facility based on the paid up value of shares held as on that date.
- v. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 19, 2016, is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the Karvy's toll free number 1-800-34-54-001 or send an email request to [e-voting@karvy.com](mailto:e-voting@karvy.com) or [evoting2016agm@visaka.in](mailto:evoting2016agm@visaka.in)
- vi. The Board of Directors of the Company has appointed M/s. Ramana Kumar & Associates, Practising Chartered Accountants, as scrutinizer to scrutinize the insta poll and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed as such.
- vii. The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than forty eight hours of conclusion of the Meeting, make a consolidated

scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.visaka.biz](http://www.visaka.biz) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

- viii. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. July 26, 2016.
- ix. Members are requested to note that the remote e-voting will open at 09.00 A.M. (IST) on July 22, 2016 and shall remain open till 05.00 P.M. (IST) on July 25, 2016 and the remote e-voting module will be disabled by Karvy after 05.00 P.M. on July 25, 2016.
- x. The procedure and instructions for remote e-voting are as follows:
  - a. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
  - b. Enter the login credentials (i.e. User ID & Password) provided to you as mentioned at point No.9 supra.
  - c. Please contact Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
  - d. After entering these details appropriately, click on "LOGIN".
  - e. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID, etc., on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - f. You need to login again with the new credentials.
  - g. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
  - h. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your existing login id and password may be used.
  - i. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN'

for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder does not want to cast his vote, select 'ABSTAIN'.

- j. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- k. Once you 'CONFIRM' your vote on each of the resolutions, you will not be allowed to modify your vote.
- l. During the voting period, members can login any number of times till they have voted on the Resolution(s).

- m. Corporate/Institutional Members (Corporate /FIs/FILs/Trust/ Mutual Funds/Banks, etc.) are required to send a scanned copy (PDF format) of the relevant Board resolution to the Scrutinizers via e-mail to vil\_evoting2016agm@visaka.in with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no."
- n. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts
- o. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- p. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

## ANNEXURE TO THE NOTICE

### STATEMENT AS REQUIRED UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013.

#### Item No. 5

In terms of notification dated December 31, 2014 read with the Companies (Cost Records and Audit) Rules, 2014, issued under Companies Act, 2013, Cost Audit is applicable to Cost Accounting records of Building Products Division as well as Textiles Products Division of your Company.

As per provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Board of Directors of your Company, in its meeting held on May 10, 2016 based on the recommendations of its Audit Committee, approved to appoint M/s. Sagar & Associates, Cost Accountants, Hyderabad as cost auditors for the financial year 2016-17 at a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes subject to your ratification in the ensuing Annual General Meeting of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

#### Item No. 6

Section 20 of the Companies Act, 2013 dealing with service of

documents by the Company, inter-alia, enables the Company to dispatch any document to a member as per his mode of request subject to deposit of such fee as determined by the members in the annual general meeting. Accordingly, consent of the members is sought for passing an Ordinary Resolution authorizing the Board of Directors to decide the fee payable subject to amount as set out at Item No. 6 of the Notice on dispatch of document based on the choice of mode selected by any member of the Company. Rates indicated in the resolution is minimum rates per document at the minimum slab of the weight in the respective category of each mode of dispatch as mentioned thereat.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

By order of the Board  
For VISAKA INDUSTRIES LIMITED

I SRINIVAS

Date : 10th May, 2016      Assistant Vice President (Corporate Affairs)  
Place : Hyderabad      & Company Secretary



[www.visaka.in](http://www.visaka.in)

**Visaka Industries Limited**

Visaka Towers, 1-8-303/69/3  
S.P. Road, Secunderabad - 500 003